

Fairbanks North Star Borough



CEDS

Comprehensive Economic Development Strategy

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1. Introduction

In the early 1900s, the first residents of Fairbanks faced economic challenges similar to those facing the residents of the Fairbanks North Star Borough (FNSB) today. Our remote location, lack of transportation infrastructure, and cultural diversification has challenged businesses and individuals for the past one hundred years.

As we contemplate our community's future, we do so with the clear understanding that the economic challenges we wish to overcome are part of our community's unique attraction. We need to find a balance between our past and our future – quality of life and economic health.

To accomplish that task governing bodies, businesses, organizations, and individuals of the FNSB have invested a large amount of time and combined their experience, expertise, and vision to create this plan.

In June of 1999, over 300 residents of Interior Alaska came together for an Economic Development Summit. This group created many of the "Goals," "Objectives," and "Strategies" that are contained in this document. At that summit, special care was taken to include representation from all segments of our community.

On the foundation built during the three-day summit, the seventeen members of the FNSB Economic Development Commission in cooperation with numerous other individuals, spent the next year refining and expanding the "Goals," "Objectives," and "Strategies" to finalize this document.

It is the desire of both the participants in the Economic Development Summit and the members of the FNSB Economic Development Commission that the "Strategies" contained in this document find a "Champion" in the community. A Champion can be an organization, a business, a governing body, or an individual to take a "Strategy" and make it a reality. The role of the FNSB and the Economic Development Commission will be to support and evaluate the work of the Champions as we move forward on a "Strategy."

Economic Summit

To begin the strategic planning and public involvement process, the Fairbanks North Star Borough, working in partnership with the Fairbanks Economic Development Corporation, sponsored an Economic Summit in June 1999. The objective of the three-day summit was to provide a forum for the discussion and sharing of ideas that would serve as the foundation for the development of the Comprehensive Economic Development Strategy (CEDS).

The Summit was noticed via radio announcements and in the local newspaper. In addition, a pre-summit survey was mailed to participants to solicit their input on key community issues, strengths and weaknesses and on their vision of the community in the year 2010. The response to both the pre-summit survey and the summit was impressive. Numerous surveys were completed and over 200 people, representing business, government, education, natural resources, military, tourism, and environmental, concerns attended one or more of the five sessions.

The Summit format was designed to obtain maximum participation from community members structured around three issue areas: economic development, community development and strategic implementation. Participants identified issues, opportunities and constraints related to a number of issues.

The Fairbanks North Star Borough Economic Development Commission

Seventeen voting members of the Fairbanks Economic Development Commission are appointed by the mayor and confirmed by the assembly. The ordinance that created the commission specifies which community sectors commission members represent. The commission has two community “at-large” positions as well as representation from the following:

Fairbanks North Star Borough Administration
Fairbanks North Star Borough Assembly
Fairbanks Economic Development Corporation
Fairbanks Chamber of Commerce
Fairbanks Convention & Visitors Bureau
Downtown Association/Mainstreet Fairbanks
Northern Alaska Environmental Center
North Pole Chamber of Commerce

City of Fairbanks
University of Alaska
Minority Small Business
City of North Pole
Alaska Native Interests
Fairbanks Arts Association
Fairbanks Central Labor Council
At-Large (2)

The current commissioners representing the positions provided in Ordinance 2.75 including ethnicity, gender and principal areas of interest are as follows:

<u>Name</u>	<u>Ethnicity</u>	<u>Gender</u>	<u>Representing</u>
Rhonda Boyles	White	Female	FNSB Administration
Bonnie Williams	White	Female	FNSB Assembly
Jim Dodson	White	Male	Fairbanks Economic Development Corporation
Doug Toelle	White	Male	Greater Fairbanks Chamber of Commerce
Deb Hickok	White	Female	FCVB / Tourism
Karen Lavery	White	Female	Downtown Assn
Arthur Hussey	White	Male	Northern AK Environmental
Bess Rounds	White	Female	North Pole Chamber
Billie Ray Allen	White	Male	City of Fairbanks
Jake Poole	White	Male	University of Alaska
Dorothy Bradshaw	Black	Female	Black Chamber
Karen Lane	White	Female	City of North Pole
Miranda Wright	AK Native	Female	Doyon/AK Natives
June Rogers	White	Female	Arts & Culture
Milt Behr	White	Male	Organized Labor
Hank Bartos	White	Male	Real Estate
Roger Burggraff	White	Male	Mining

For purposes of creating the CEDS, the commission plays an integral role. With broad community representation, it was thought the commission would be best positioned to discuss and prioritize goals and objectives and subsequently initiatives/action items. Community input on the draft product was then solicited and incorporated into the CEDS. Finally, the majority of statistical work and data collection would not have been possible with the restraints at hand had it not been for the immediate and resourceful assistance of Janet Davison of FNSB's Community Research Center.

2.Vision, Goals, Objectives and Strategies

VISION:

To improve the quality of life and the standard of living of the residents of the Fairbanks North Star Borough by developing goals, establishing objectives and implementing strategies that sustain, enhance or increase economic and social opportunities for the individuals in the region.

GOALS, OBJECTIVES AND STRATEGIES:

GOAL I: Community Development – To support organizations, businesses, individuals and governing bodies that enhance the region as a good place to live and work.

Objective 1: Infrastructure Development – Support the development, maintenance and improvement of public and private infrastructure necessary for economic development and community development for the region.

Strategy 1.1.A – Support the design, construction and maintenance of road, rail and air transportation systems that access the region.

Strategy 1.1.B – Support the development of low cost energy and power generation including distribution to all areas of the FNSB.

Strategy 1.1.C – Support the development of transportation and communication systems that would improve the FNSB as the hub of Interior Alaska for economic development.

Strategy 1.1.D – Identify and develop right-of -ways that would provide access to develop the mineral resources in the region.

Strategy 1.1.E – Identify and develop those right-of-ways that would provide the ability to access and develop the natural resources in the Northern region.

Strategy 1.1.F – Participate in the development and support the implementation of the Fairbanks International Airport Master Plan.

Strategy 1.1.G – Support the funding and completion of the Statewide Transportation Improvement Program (STIP) projects that improve transportation in and around the FNSB.

Strategy 1.1.H – Encourage the development of transportation routes and systems that would improve the ability of FNSB businesses to market and distribute goods and services to markets in Canada and the “Lower 48”.

Strategy 1.1.I – Support the design, funding and construction of projects that would improve the functionality of the Alaska Railroad within the FNSB and in its connections to other locations.

Strategy 1.1.J – Support the expansion of safe water, sewer, power, communications and other utilities to all areas of the FNSB.

Strategy 1.1.K – Promote new ways to reach rural communities that do not currently use Fairbanks as their marketplace.

Strategy 1.1.L – Encourage the development of communications infrastructure that would develop the FNSB as a communication and technology center.

Strategy 1.1.M – Support “essential air service” to rural Alaska that originates or terminates in the FNSB.

Objective 2: Quality of Life Improvements – Support quality in health care, education, public safety, beautification, government and culture that would improve the individual and community quality of life in the FNSB.

Strategy 1.2.A – Become recognized as the arts and cultural center of Alaska by developing a healthy, diverse and economically successful arts and cultural community in which heritage is celebrated.

Strategy 1.2.B – Promote the enhancement, expansion, and support of Pioneer Park and other major features as community and cultural centers and themes for the FNSB.

Strategy 1.2.C – Promote winter accessibility and safety.

Strategy 1.2.D – Support programs that will train educators, teachers and instructors to ensure the quality of the educational system and preserve cultural heritage.

Strategy 1.2.E – Support the development of an indoor, outdoor and dual-season performance and event facility.

Strategy 1.2.F – Encourage new models of health care delivery that maintain and improve existing resources and facilities or add new facilities to provide quality care to residents of Interior and Northern Alaska.

Strategy 1.2.G – Support development of elder care facilities in the FNSB.

Strategy 1.2.H – Encourage the streamlining of government functions.

Strategy 1.2.I – Encourage K-12 and post-secondary educational systems that produce results above state and national averages.

Strategy 1.2.J – Support the expansion and enhancement of the University of Alaska Fairbanks (UAF) and Tanana Valley Campus (TVC), encouraging funding at levels that allow growth, decreasing deferred maintenance, the addition of new programs, and both programmatic and institutional accreditation.

Strategy 1.2.K – Promote vocational, technical, and career training opportunities within the FNSB.

Strategy 1.2.L – Support area wide beautification efforts in the FNSB.

Strategy 1.2.M – Re-define education systems for children and adults to include arts as an essential component.

Objective 3: Capacity Building – Assist local government and community organizations to develop leadership skills and the ability to successfully carry out economic and community development activities.

Strategy 1.3.A – Encourage the involvement of youth in all aspects of the community, including, government, business, education, arts and cultural exchanges.

Strategy 1.3.B – Encourage the inclusion of life skills, work ethics, arts, and motivation skills in school curricula.

Strategy 1.3.C – Promote School-to-Work and School-to-Apprenticeship programs, and support steps that strengthen apprenticeship programs.

Strategy 1.3.D – Encourage and promote the identification of potential leaders in the community, and seek ways to provide enhancement of that potential through all means, taking advantage of the special skills in leadership development of the community, including the U.S. Military and the UAF.

Objective 4: Recreation – Support the development, maintenance and improvement of public and private recreational facilities and programs.

Strategy 1.4.A – Support the development and construction of year-round recreational facilities and opportunities consistent with and to capitalize upon local climatic conditions.

Strategy 1.4.B – Continue to support development of recreational facilities used jointly by the military, other government agencies and private entities.

Strategy 1.4.C – Develop the FNSB as a winter sport and recreation destination center, including sled dog sports, cross country skiing, snow machining, ice carving, and other winter recreational opportunities.

Strategy 1.4.D – Support the hosting of scholastic and athletic competition at all levels.

GOAL II: Environmental Enhancement – To sustain and improve the quality of the region’s natural environment by being wise stewards of resources and habitat.

Objective 1: Environmental Quality – Support public and private efforts for the environmentally safe handling of waste and hazardous materials.

Strategy 2.1.A – Continue to support area wide waste management.

Strategy 2.1.B – Support public and private efforts to provide safe water to all residents of the FNSB.

Strategy 2.1.C – Improve both air quality and water quality in the borough by advancing and supporting development and implementation of all technologies that contributed to the quality of air and water.

GOAL III: Economic Development – To support those organizations, businesses, individuals and governing bodies that promote development of Interior and northern Alaska.

Objective 1: Mineral Resource Development– Support those organizations, businesses, individuals and governing bodies that promote development of the mineral resources of Interior and Northern Alaska.

Strategy 3.1.A – Actively support oil and gas development in Interior and Northern Alaska, with particular emphasis on encouraging increased production from the Alaska North Slope and the opening of the 1002 area of ANWR.

Strategy 3.1.B – Actively support mineral development in Interior and Northern Alaska by supporting continuing airborne and field geological and geophysical surveys by the State.

Strategy 3.1.C – Actively support construction of a natural gas pipeline through the Interior, with particular emphasis on location of construction, operation, and regulatory headquarters in Fairbanks.

Strategy 3.1.D – Encourage expansion and development of local refinery capabilities and value-added products from oil and gas resources.

Objective 2: Military Development– Support and promote the growth of military installations in Interior Alaska.

Strategy 3.2.A – Actively support deployment of the National Missile Defense System at Fort Greely with support facilities at Eielson Air Force Base, and Fort Wainwright.

Strategy 3.2.B – Actively support expeditious construction of the new Bassett Army Hospital on Fort Wainwright.

Strategy 3.2.C – Actively support increased military training exercises in the Interior.

Strategy 3.2.D – Actively support increased military cold weather and weapons research in the Interior.

Strategy 3.2.E – Actively support retention of, or increased military activities on Fort Wainwright, Eielson Air Force Base, and Clear Air Force Station.

Objective 3: Technology and Research Development – Support organizations, businesses, individuals and governing bodies that promote the growth of technology and research in Interior Alaska.

Strategy 3.3.A – Actively support UAF efforts to increase their research, contracts and grants.

Strategy 3.3.B – Promote FNSB as a cost-effective location for high technology operations seeking to relocate from areas with high costs and unreliable electrical power.

Strategy 3.3.C – Identify and promote logistical, environmental and other advantages of the FNSB to attract technology-related industries.

Objective 4: FNSB as a Strategic, Economic and Social Hub - Continue to promote and improve the FNSB as an air transportation hub by encouraging intrastate, interstate and international air service and aviation operations using the FNSB.

Strategy 3.4.A – Market the Fairbanks International Airport as a logistical and technical stop for international air cargo carriers.

Strategy 3.4.B – Encourage air carriers to use airports located in the FNSB as hubs for cargo and passenger service to Interior, northern and western Alaska.

Strategy 3.4.C – Encourage local business to attract customers from rural Alaska.

Strategy 3.4.E – Encourage national air carriers to serve Fairbanks on a daily basis.

Strategy 3.4.F – Identify and promote commercial advantages of the established Foreign Trade Zones at the Fairbanks International Airport and its sub-zones.

Objective 5: – Agriculture - Promote the growth of agricultural industry in Interior Alaska and identify domestic and foreign markets for raw and value-added products.

Strategy 3.5.A – Actively support expansion of the forest products industry in Interior Alaska.

Strategy 3.5.B – Support the development of a “Community Market” to enable local and rural producers and manufacturers to market their goods and services more effectively.

Strategy 3.5.C – Advocate and promote research to develop more profitable crops for Interior Alaska.

Strategy 3.5.D – Encourage the development and expansion of commercial and truck farming by promoting an increase both in agricultural lands and in available experienced farmers.

Strategy 3.5 E – Encourage the involvement of the commercial farming community within all major infrastructure projects within the borough, to ensure that consideration is given to the needs of commercial agriculture infrastructure.

Objective 6: Visitor Industry Development– Contribute to the economic well-being of the FNSB by developing and enhancing visitor attractions and marketing to potential visitors.

Strategy 3.6.A – Encourage the beautification of FNSB by supporting those groups, organizations, businesses and individuals involved in clean up and beautification.

Strategy 3.6.B – Support the development of the concept of a world-class visitor center, support direct international and national carriers servicing the hub of Fairbanks, partner with organizations that share the desire to develop community enhancements, and support continued funding to promote the visitor industry and attendant economic development.

Strategy 3.6.C – Support those activities that will enhance and increase the visitor industry growth in the FNSB.

Objective 7: Business Development – Support and retain existing business and encourage the expansion and the development of new business.

Strategy 3.7.A – Encourage and support research to improve business opportunities in the FNSB.

Strategy 3.7.B – Encourage the privatization of appropriate government services.

Strategy 3.7.C – Identify sources of public and private capital for the development and expansion of businesses in the FNSB.

3. Analysis of Needs and Resources

A. Geography and Climate

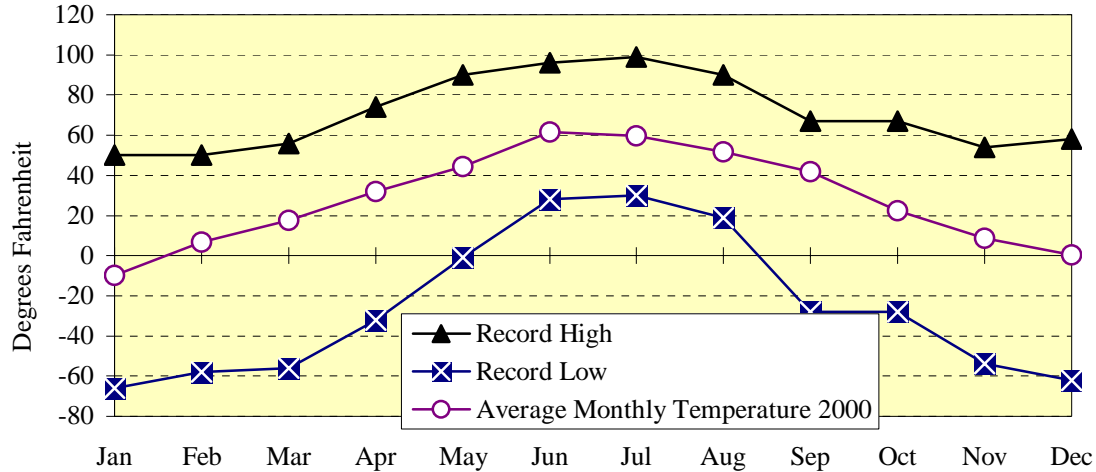
Geography

Fairbanks is Alaska's second largest community and residents commonly refer to it as the "Golden Heart of Alaska." Due to its central location Fairbanks has become the transportation, trade and service center for the vast Interior region encompassing some 200,000 square miles. The community was founded almost a century ago on the banks of the winding Chena River, which drains, into the Tanana River immediately south of town. The Chatanika, Chena, and Salcha River drainages define the area surrounded by rolling hills to the north, east and west of the urban centers. The Fairbanks North Star Borough (FNSB), a local government unit similar to a county, covers 7,361 square miles and has 82,840 residents. Within the Borough are two cities, Fairbanks and North Pole and several unincorporated communities. The Tanana Valley surrounds Fairbanks at an elevation of 436 feet above sea level and rises east to about 2,000 feet at the Canadian border. The Alaska Range is clearly visible on the southern horizon. By air, Fairbanks is approximately three and a half hours north of Seattle and fifty minutes from Anchorage, Alaska's largest city. The Borough is also the northern terminus of the Alaska Railroad with access to the ports of Seward, Whittier and Anchorage. Other than the Glenn and Sterling Highways, all major Alaskan highways meet at or near Fairbanks. FSNB's location in Alaska, along the transpolar air routes (64°50' latitude, about the same as Oslo, Norway) makes it logistically attractive to air cargo airlines and the military; by air Fairbanks is less than nine hours from both Europe and Asia.

Climate

Fairbanks' weather is continental interior, thus providing sunny skies most of the year with well-defined seasons (which is not the case in all parts of Alaska). Winter extremes of -40°F or colder occur only about fourteen days each winter. Blizzard conditions are very rare. Winter's chill is balanced by warm summer days in the 70's and 80's. The weather is one reason Fairbanks markets itself as "Extremely Alaska." Long summer days, averaging 18 to 21 hours of daylight and warm temperatures, provide energy for gardens and gardeners alike. Planting commences in May, with harvesting concluded by late August or early September. The Brooks Range protects the Interior from harsh Arctic winds. The Alaska Range keeps the wet, humid coastal weather at bay in the south. As a result, there is very little wind or humidity in Fairbanks on cold winter days; the chill factor is actually much less intimidating than its reputation.

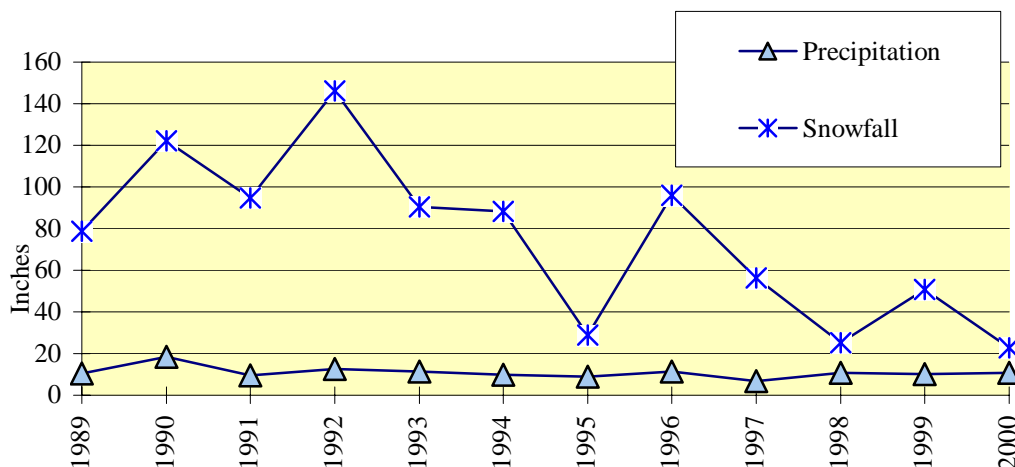
Averages, Highs & Lows -- 2000.



Source: FNSB Community Research Center

Autumn comes in September as birch, tamarack, and aspen turn bright shades of yellow and orange which are contrasted by the dark greens of white spruce. Spring comes in April with “breakup” from the melting snow, and the thaw of frozen rivers, which move masses of churning ice chunks as daylight continues to increase. During May, wild flowers bloom as the trees bud. The Interior enjoys dry summers with total annual precipitation of less than eleven inches. Snowfall averages sixty-five inches and in the shelter from the wind provided by the surrounding hills it gives a superior surface for winter recreation and sports activities such as skiing, sledding, snow machining, and dog-mushing.

Snowfall and Precipitation 1989 – 2000



B. Demographic and Socioeconomic Characteristics

Population

The 2000 Census population count of 82,840 reflects considerable growth since Felix Pedro first discovered gold in 1902. Overall, the area has experienced an upward population trend but there have also been setbacks. The Fairbanks economy is often referred to as “boom and bust” and the changes in the population have generally mirrored changes in the economy.

Between 1910 and 1939 the population changes in Fairbanks reflected the growth, decline and subsequent revival of gold mining in the Interior. Congress declared gold mining a non-essential industry during World War II and many mines did not open again after the War. Despite the decline in mining, a new economy linked to the establishment of military and government installations maintained strong population growth in the Fairbanks area from 1940 through 1970. Growth between 1970 and 1980 was largely related to construction of the 800 mile Trans Alaska Pipeline System (TAPS); between 1970 and 1982 the population grew just over thirty-five percent. The 1990 census showed the population of the Fairbanks North Star Borough growing twenty-four percent from 1982 to 1990. However, for the last decade the average annual rate of population growth has slowed considerably to about seven percent growth and has tended to reflect population changes in Alaska as a whole.

Alaska’s population is heavily concentrated in the communities and areas that boarder the Alaska Railroad Route, which is commonly referred to as the “Railbelt.” Construction of the Parks Highway in the late 1960’s broadened the transportation corridor thus providing access to lands adjacent to the railroad; including Denali National Park where new development mushroomed.

Age and Sex

In 1980, the median age in the Fairbanks area was about 26 years, and by 1990 it had increased to 27.5 years. According to the 2000 census, the median age had increased to 29.5 years, or slightly younger than the median age of 32.4 for the State. The population is aging as it is in many parts of the State. The ratio of men to women in the FNSB, exceeds the State average for the group between 15 and 29 years of age, due to the large military presence.

Racial makeup

The racial makeup of the FNSB population has shown some change since 1990. Change is mostly related to a growing percentage of minority population, which is consistent with the statewide and national trend. In 1990, 83.2 percent of the FNSB population was Caucasian but that group has declined to just over 82 percent in 2000.

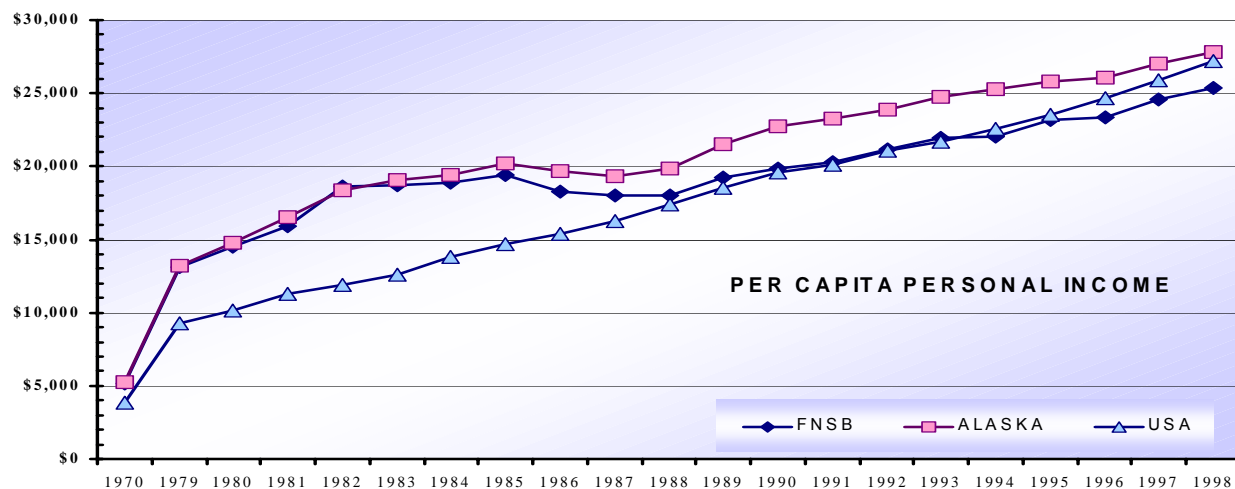
The Native population has shown greater growth than any other racial group, perhaps due to Alaska Natives migrating into the FNSB from outlying rural communities in search of jobs and post-secondary education. The Alaska Native population does not exceed 10 percent in any region along the Railbelt. However, most of the Interior region surrounding the Borough has a Native population of 5% to 71%, and migration from rural Native communities to urban areas will continue due to the attraction of jobs and educational opportunities.

Income

According to state (Dept. of Labor) estimates, per capita personal income for FNSB residents rose from \$17,546 at the beginning of the 1990's to \$26,082 in 1999. Per capita figures for FNSB must be read cautiously as the military and university populations may distort comparisons: military wages are low by comparison and not adjusted for housing and other non-wage benefits received, and University students may be out of the work force for a large portion of the year and thus earning lower annual incomes as a result of attending school.

Apprenticeships also lead to higher wages and other training yields similar results. Vocational courses can be taken to obtain additional work related skills or to complete a one or two year certification program. In 1998 the Alaska Department of Labor surveyed 6,779 students that had completed at least three credit hours at the University but did not necessarily earn a degree. The report revealed that total student earnings twelve months after taking courses increased 21% over the twelve months of earnings prior to receiving training.

Per Capita Personal Income Trend



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis

Regardless, the greater average rate of change of the per capita income for Fairbanks may be attributed to development of the Fort Knox mine and relocation of Alyeska's Pipeline Maintenance and Operations personnel from Anchorage to Fairbanks. These

events obviously had a greater impact on the smaller population of the Fairbanks area than was reflected in the numbers for a larger community such as Anchorage. Cutbacks in exploration and large layoffs by the oil companies also had a greater adverse impact on the Anchorage/Mat-Su area than in Fairbanks.

C. Labor Force Characteristics

Since 1990, the work force in the FNSB has been approximately half of the total population. FNSB's work force is slightly younger than the State average, which is partially the result of having two military installations and the University of Alaska-Fairbanks within the Borough.

Many older residents drawn to Alaska for work opportunities in the past are now leaving Alaska to retire. Their children are also more likely to attend out-of-state colleges or universities in familiar areas where other family members reside, and they are also less likely to return to the State.

Employment by Industry

The top private sector employers for 2000 are Fairbanks Memorial Hospital, Tanana Chiefs Conference, Fred Meyer, Houston Nana Joint Venture, Kinross' Fort Knox Mine and Safeway. The table on page 16 indicates the fifty largest employers in Fairbanks in 2000. The average salary in the Borough was \$32,472. Annual average employment by industry is shown in the table on page 17. A growth surge in mining in 1997 was due to the activities related to the start up of the Fort Knox Mine. Transportation, communications and utilities growth were due to the sale of the Municipal Utilities System (MUS) to the private sector and relocation of the Alyeska Pipeline Maintenance and Operations offices to Fairbanks. The service sector has grown due to the construction and renovation of several hotels in the City and Borough.

Fairbanks' Largest 50 Employers for 2000			Average Employment
1	University of Alaska Fairbanks	Fairbanks North Star Borough	2,898
	University of Alaska Fairbanks (excluding student employment)	Comprehensive Economic Development Strategy	1,968
	University of Alaska - student employment		925
2	Military-related employment		2,241
	Civilian Department of Defense		1,439
	Army Air Force Exchange Service		380
	Non Appropriated Fund Personnel		422
3	Fairbanks North Star Borough School District		1,918
4	State Government - department personnel		1,658
5	Federal Government - agency personnel		1,135
6	Banner Health System (FBKS Memorial Hospital)		1,049
7	Tanana Chiefs Conference		594
8	Fred Meyer		568
9	Houston/Nana Joint Venture		468
10	Fairbanks North Star Borough		418
11	Fairbanks Gold Mining Company (Ft. Knox)		291
12	Safeway		286
13	Fairbanks Native Corporation		273
14	Westours Motor Coaches		250
15	Fountainhead Development (Hotels: Bridgewater, Wedgewood, Sophie's Station)		249
16	Sear Roebuck and Company		218
17	Alyeska Pipeline Service Company		216
18	Tanana Valley Medical Surgical Clinic		212
19	Sam's Club		191
20	City of Fairbanks		191
21	Frontier Flying Service		189
22	Kmart		186
23	Tatonduk Flying Service		186
24	Alaska Communications Systems (former: PTI Communications of AK)		184
25	Golden Valley Electric Association		179
26	There From Here (Restaurants: Pike's Landing, 3 Food Factories)		175
27	Tundra & Ice (Mc Donalds)		167
28	Alaska Hotel Properties (Fairbanks Princess Hotel)		155
29	Fairbanks Daily News Miner		158
30	Fairbanks Resource Agency		152
31	Chugach Development Corporation		152
32	Alaska Airlines		151
33	Williams, Inc.		151
34	Fairbanks Athletic Club		126
35	Kurani (Pizza Hut)		123
36	Alaska Franchise Management (Wendy's)		121
37	Sourdough Fuel		119
38	Seekins Ford Lincoln Mercury Inc.		118
39	Aramark Service Management of Alaska		118
40	Interior Region Housing Authority		117
41	Westmark Hotels		114
42	Catholic Bishop of Northern Alaska		112
43	Family Centered Services of Alaska		104
44	Westours		103
45	Sourdough Express		98
46	Utility Services of Alaska		86
47	Osborne Construction		85
48	Aurora Motors		78
49	Brown & Sons Auto Parts (NAPA stores)		74
50	Carlile Enterprises		74

ANNUAL AVERAGE MONTHLY EMPLOYMENT BY INDUSTRY
Fairbanks North Star Borough
1995-99

Industry	1995	1996	1997	1998	1999	% Change 1998-99
Mining	571	596	725	493	821	66.5%
Construction	1,740	1,568	1,617	1,736	1,757	1.2%
General Building Contractors	565	474	443	388	451	16.2%
Heavy Construction Contractors	186	186	211	241	231	-4.1%
Special Trade Contractors	988	908	963	1,106	1,076	-2.7%
Manufacturing	545	515	541	578	604	4.5%
Transportation, Communications & Utilities	2,304	2,334	2,507	2,996	3,070	2.5%
Local & Interurban Passenger Transit	363	276	300	311	285	-8.4%
Trucking & Warehousing	534	564	556	641	612	-4.5%
Transportation by Air	538	638	701	731	913	24.9%
Communication	295	271	301	450	417	-7.3%
Wholesale Trade	793	753	822	861	697	-19.0%
Retail Trade	5,958	6,056	6,214	6,423	5,889	-8.3%
General Merchandise Stores	967	991	1,002	1,067	1,020	-4.4%
Food Stores	726	732	781	743	665	-10.5%
Eating & Drinking Places	2,262	2,349	2,380	2,506	2,072	-17.3%
Finance, Insurance & Real Estate	852	867	926	975	1,085	11.3%
Banking	320	333	336	348	372	6.9%
Real Estate	283	282	304	320	414	29.4%
Services	7,457	7,578	7,621	7,909	8,096	2.4%
Hotels & Other Lodging Places	789	637	661	704	712	1.1%
Business Services	583	579	617	710	699	-1.5%
Automotive Repair, Services & Garages	325	345	388	435	429	-1.4%
Health Services	1,693	1,834	1,887	1,872	1,900	1.5%
Social Services	853	893	943	997	1,098	10.1%
Membership Organizations	1,078	1,042	1,094	1,156	1,129	-2.3%
Engineering & Management Services	836	866	746	720	753	4.6%
Agriculture, Forestry & Fisheries	83	85	97	110	116	5.5%
Government	10,091	10,248	10,287	10,254	10,363	1.1%
Federal Government	3,014	3,201	3,348	3,331	3,277	-1.6%
State Government	4,290	4,280	4,163	4,318	4,350	0.7%
Local Government	2,788	2,766	2,776	2,605	2,736	5.0%
Nonclassifiable Establishments	11	4	18	1	41	4000.0%
Total	30,404	30,601	31,376	32,336	32,540	0.6%

SOURCE: Alaska Department of Labor, Research and Analysis Section; *Annual Employment & Earnings Report*, 1995-99, personal communications 1995-01.

NOTE: Columns may not total exactly because some data are withheld to avoid disclosure of information about individual employers. Federal Government numbers exclude Uniformed Military Personnel, but include Military Civilian Employees.

* Less than one half of one percent.

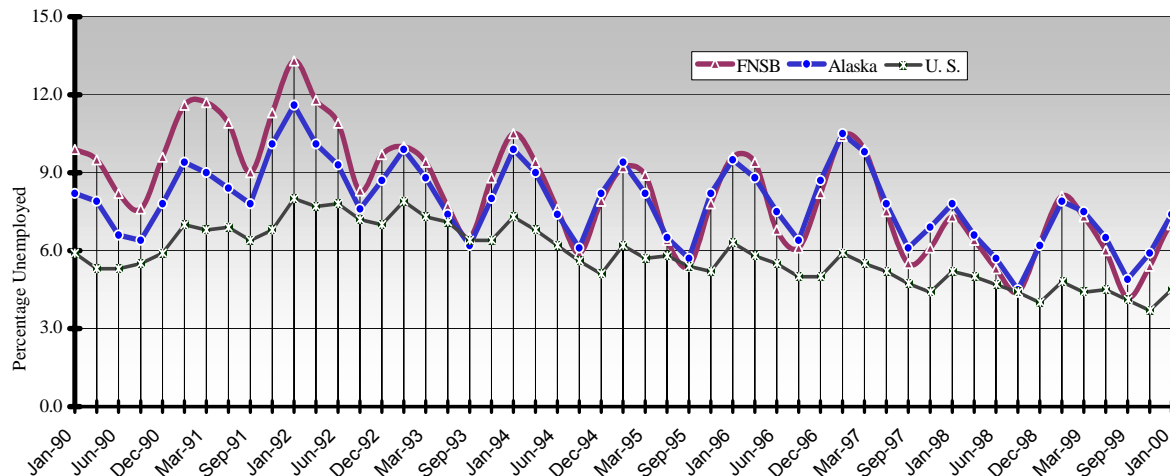
NA Not available.

Note that employment by industry sector does not equal workforce employed since the latter also includes business proprietors, which appear to be approximately one quarter of the workforce.

Unemployment

The Borough's unemployment trend has generally mirrored the State average. The average annual rate of unemployment in the FNSB has declined progressively beginning in the 1990's and has actually fallen below the State average during the summer months. Unemployment for August, 2000, was 3.9% compared to 4.4% in August, 1999. The seasonal changes in the unemployment rate are normally more extreme in Alaska than in the rest of the nation. The summer brings an increase in tourism-related jobs and is the peak season of the commercial fishing and mining industries. Most construction activity also takes place during the summer, especially in western and northern Alaska where bulk materials can only be barged to construction sites. On the other hand, oil and natural gas related work which increases in the winter.

Seasonal Unemployment Trends January 1990 – January 2000
Civilian Labor Force Unemployment Rates, FNSB, Alaska, United States



Source: Alaska Population Overview – 1999 , AK Dept. Labor

Employer Needs

With declining unemployment levels in most urban areas of the State, employers are expressing a concern about the lack of skilled workers and training programs. A series of community forums, referred to as “Strengthening the Involvement of Business and Industry in Developing Alaska’s Work Force,” were held in 1998. Two thirds of the participants represented the public sector, but public agencies and institutions echoed many of the same concerns about employer needs. The forums were held to determine what the work force and training needs were at the local level for both Alaskan employers and employees. The major findings and conclusions were common to both urban and rural areas. There is a serious shortage of credentialed workers in a variety

of occupational fields. Competition for certain trades that require vocational-technical certifications, licensing or university-based degrees is intense and there are not enough candidates in the State. Increased competition results in higher turnover across the board for workers with strong work ethics, essential skills and experience. Employee retention and high turnover problems are aggravated by gaps in post-employment services. The most frequent problems, especially for entry and lower level employees, are the expense of childcare and general transportation services. Other problems stem from serious deficiencies in work readiness and basic education needed for entry level employees. Also, the labor pool is diminished further due to substance abuse and resulting legal actions that may deprive workers of their driver's license or their ability to work in various occupations.

In rural Alaska, the basic challenge is to expand the breadth and depth of the job market. The work force can not gain experience if there is not enough sustained activity in given trades to obtain licensing or even to take tests. The family and educational support are also a problem in rural areas.

State-wide forum participants recommended advancing results-oriented work force development and training initiatives to achieve:

- Fundamental changes in primary, secondary, and post-secondary education and training to strengthen work readiness (in addition to basic skills).
- Emphasis on and greater access to vocational-technical training that is directly linked to the known needs of local communities, business and industry.
- More access, incentives and stronger competency standards for apprenticeships.
- Improved access to affordable childcare services.
- Greater emphasis on the availability, scope, outreach and marketing of one-stop services in urban and rural communities.
- Emphasis on local service delivery, which provides rural Alaskans with meaningful training for work competencies and real job opportunities in rural settings.
- Enhanced rural programs and services that address common employment barriers and basic infrastructure needs.

In an Alaska Chapter of the Associated General Contractors newsletter, the AGC President recently wrote a column stating that a workforce shortage has existed and is a growing problem that has challenged the construction industry. The average age of workers in most crafts is 45-50 years old and the majority of those workers have been the backbone of the Alaskan construction industry since first drawn to it by opportunities related to the construction of the Trans-Alaska Pipeline in 1974. The article notes educators that belittle the construction industry as a place for "dummies," and claims that these teachers are responsible for creating a generation gap in the industry. The writer recommends sponsored programs in schools to promote the construction industry as early as the 5th grade. High schools need to revitalize their vocational education programs and promote construction trades as career opportunities. More funding and oversight for curricula at post-secondary vocational schools is needed. Budget cuts are

eliminating programs even in areas short of capable workers. Vocational education programs should serve as a feeder for craft apprentice programs.

Work Force Training

School-To-Apprenticeship (STA) programs provide a skill-based education that coordinate and integrate classroom instruction with a structured work experience (usually part-time). The work experience often reinforces academic learning and allows high school graduates to enter directly into an apprenticeship program. Vocational and technical certifications from post-secondary schools and apprenticeship programs can be coordinated to help meet the needs of industries which are hard pressed to locate skilled and dedicated workers.

The University of Alaska System is expanding its goals and objectives to pursue workforce development. Several programs have been developed in response to needs identified by the Alaska Department of Labor, the Alaska Human Resource Investment Council, and Colleagues in Caring, an Alaska Health Care Providers consortium. Listed below are some of the programs currently being offered in professional-technical training:

- Expansion of the UA Nursing program to provide training in Fairbanks.
- Expansion of allied health care career training (Certified nurses' aide, phlebotomy technician, etc.)
- Corporate Workforce Training Program: in partnership with private industry and the State, this new program is being designed to respond quickly and efficiently to the training needs of employers.
- Information Technology workforce development is growing in response to the tremendous need for employees adequately trained to use current and fast changing technology that is common in the work place.
- A Process Technology program was developed with the Alaska Process Industry Council (while leveraged by the needs of Alyeska Pipeline Company) to replace pump and control station operators that are expected to retire soon.

Less than half of Alaskan high school graduates attend college. Of those college bound high school graduates, less than half attend in state, and less than half of those who attend college out of state return to Alaska. The needs of employers are not being met and often they must recruit employees from out of state. Some programs being instituted by the University to encourage more students to attend college in state include:

- Offering UA tuition scholarships to the top ten percent of students at every high school in Alaska. Over 100 students took advantage of the program at UAF in first part of the 1999-2000 school year with a scholarship valued at over \$10,000.
- Providing superior Alaskan trained educators for the State's high schools through institution of a 5th year teacher certification program.

- Creating graduate degrees in logistics, building on the strategic location of Alaska, and the fast growing air cargo industry in both Anchorage and Fairbanks.
- Expanding education in technology by capitalizing on existing programs such as the Alaska Region Supercomputing Center. Other technology programs such as those of the International Arctic Research Center makes the Fairbanks campus the leading research center of Alaska and the Arctic nations.

Non-traditional adult students who do not have the skills to take regular college courses are able to take developmental courses in Mathematics and English from the University of Alaska-Fairbanks (UAF) or the Tanana Valley Campus (TVC). The Fairbanks North Star Borough School District (FNSB-SD), in partnership with UAF, and funding assistance from the State, is expanding the Hutchison Career Center to provide more options for students in the Fairbanks area. No single entity can be expected to address the needs of employers; rather a cooperative effort of students, parents, educators, employers, employees and government agencies is required to adequately meet the challenge of providing a qualified work force for the future of Alaska and its residents.

D. Major sectors of the economy

Federal Government

The largest group of Federal employees in the Interior are military personnel at four installations. The Federal government owns almost fifty-one percent of the 7,361 square miles within the Borough boundaries. Large amounts of this land are held as military reservations and provide excellent training locations for the Army and Air Force

Ft. Wainwright borders the City of Fairbanks on the east and is home to the 172nd Brigade. Just over 4,000 soldiers are stationed there accompanied by over 5,000 family members.

Eielson Air Force Base, a half-hour drive east of Fairbanks, is home to The 355th Fighter Wing. Eielson AFB is also the home base of the 168th Aerial Refueling Wing of the Alaska Air National Guard that supports numerous military missions with a fleet of KC-135 refueling tankers. Just under 2900 air force personnel accompanied by approximately 3,900 family members reside at Eielson.

Fort Wainwright and Eielson both employ civilian personnel. Total annual payroll for the two bases is \$325.1 million

Ft. Greely, located near Delta Junction, was identified for realignment by the 1995 Base Realignment and Closure (BRAC) Commission. Recently Fort Greely was identified as the favored location of the National Missile Defense (NMD) Ground-Based Interceptor site. If this system is fielded it will provide much needed economic relief for the Community of Delta Junction.

Clear Air Force Station lies 100 miles south of Fairbanks and was the second choice for the NMD ground site location. Clear has been undergoing expansion and upgrade as part of a new national radar system that complements the NMD mission.

Other Federal agencies located in the FNSB include: the U.S. District Court; the Court of Appeals; U.S. Fish & Wildlife Service; the Federal Aviation Administration (FAA); U.S. Customs Service; Internal Revenue Service (IRS); Bureau of Land Management (BLM); National Parks Service (NPS); U.S. Department of Agriculture (USDA); and the U.S. Postal Service.

State Government

One of the most basic economic boosts from the State government is the annual Permanent Fund Dividend. Each year, every qualified resident of the State receives close to \$2,000 from the dividend program.

Most State agencies have headquarters in Juneau, the State capital; however, many of the departments have a large presence in Fairbanks, as it is a regional center for State

government, the administrative offices of the University of Alaska and the University of Alaska-Fairbanks campus.

State agencies with offices in the FNSB include: the Alaska State Court; the Departments of Public Safety; Health and Human Services; Fish & Game; Transportation and Public Facilities; the Department of Natural Resources; the Department of Military & Veterans Affairs (National Guard); Records Office and The Pioneers' Home.

The University of Alaska Fairbanks (UAF) is accredited by the Northwest Association of Schools and Colleges and is classified as a doctoral II institution by the Carnegie Foundation. It is the research center of the UA system and is ranked in the top 75 such institutions funded by the National Science Foundation. During fiscal year 2001, faculty members submitted over 886 research proposals that requested \$325 million in external funds for UAF. The Geophysical Institute at UAF is a leader in high-latitude studies and operates Poker Flat Research Range, the world's only university-owned scientific rocket launching facility. The University's research activities and high technology infrastructure have attracted the attention of many national agencies and foreign governments. The Alaska Region Super-Computing Center (ARSC) operates a multiple CRAY super computer system and is located on the UAF campus. New research opportunities include the Synthetic Aperture Radar (SAR) satellite facility and a joint venture with Japan to create an International Arctic Research Center (IARC). UAF is a potential source of new applications of technological opportunities, which has created interest in establishing a "high technology" incubator (accelerator) research park near the campus.

The University also delivers courses at extended campuses in the western and Interior regions the State. UAF serves approximately 3,700 full-time students and total enrollment is over 8,500 students

The Tanana Valley Campus, a subsidiary of UAF, operates the Downtown Center and the Hutchison Career Center, which provides vocational and technical training.

The University's state funding over the past decade was insufficient to keep pace with inflation, contractual increases related to labor agreements and other fixed operating costs. As a result, the University endured years of budget cuts, layoffs, and hiring freezes. Recently, however, public support and new University leadership have convinced the Legislature to increase funding as an essential investment in Alaska's future.

Fairbanks North Star Borough Government

The Fairbanks North Star Borough was incorporated as a 2nd Class Borough in 1964. The Borough is governed by a full time elected mayor and eleven elected assembly members. The 2000 budget of the Borough was \$86.8 million. The FNSB is responsible for area wide education, planning and zoning, assessing and property tax collection. It has also assumed responsibility for libraries, parks and recreation, solid

waste management, mass transit, animal control, childcare assistance, road service areas, and emergency services outside the boundaries of the cities of Fairbanks and North Pole. The Borough, including the school district, employs approximately 2,200 residents. Annual payroll for the FNSB is 20.2 million.

City of Fairbanks Government

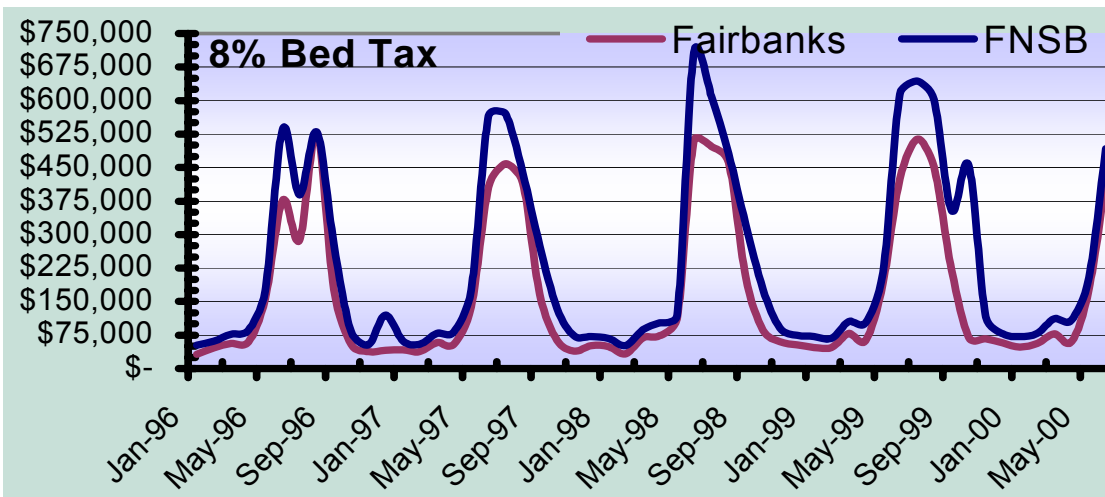
The City of Fairbanks was incorporated in 1903. The City is governed by a full time elected mayor and six elected city council members. The 2000 budget for the City was \$23.7 million. The City is responsible for public safety, public works, building inspection, and tax collection for areas within the city limits (except for real property taxes collected by the FNSB). The City of Fairbanks has approximately 175 employees with an annual payroll of approximately \$10.3 million.

City of North Pole Government

North Pole was incorporated as a 1st Class City in 1954. An elected, part time, mayor and six council members govern the city. The City provides police protection, fire protection, water and sewer service, and public works. In addition the city employs a city accountant, city clerk, city engineer, and a city accounts receivable/receptionist. The budget in 2000 was approximately \$2.5 million. Payroll in 2000 was approximately \$1.5 million.

Visitor Industry

Tourism is a significant part of the Fairbanks economy and its economic impact continues to grow in importance. According to a Fairbanks Convention and Visitor's Bureau study done in 1997/1998 by the University of Alaska Fairbanks (UAF), conservative estimates show more than 320,000 visitors purchased goods and services of nearly \$154.6 million providing jobs to more than 2,300 full-time equivalent employees that receive wages totaling \$34.8 million. A more recent study conducted via the Alaska Visitors Statistics Program in 2000 and 2001 ought to have more accurate and current data ready at the end of 2001. In this sector Alaskans typically make-up about 80% of the workforce. Local tourist businesses paid bed taxes of over \$36.6 million, during 2000. Bed tax collections best reflect the volume of business and tour package visitors, and the increasing trend of bed tax revenue reflects the Statewide growth trend for tourism in Alaska.



Source: FNSB Community Resource Center

The Borough did not begin collecting a bed tax until July 1994 when the Princess Hotel opened outside the city limits of Fairbanks. The chart above shows the composition and annual seasonal cycle of bed tax charged by Fairbanks and the Borough.

According to the 1997/98 UAF study, about 90% of the Fairbanks area visitors come for vacation and pleasure. Business travelers make up a small proportion of the overall room occupancy. In winter (October through April), 50% of Fairbanks' visitors come for business travel. Just under half of the summer tourists are part of a package tour. Many of these tours are conducted by companies that offer multi-modal tourism, utilizing cruise ships, buses, the Alaska Railroad, and airlines. The Alaska Railroad has experienced significant growth in summer passengers traveling between Anchorage, Denali Park and Fairbanks, and is planning construction of a new depot in Fairbanks that will speed passenger transfer to and from buses and improve service. Additionally investors have aggressively expanded hotel room capacity in the area. New hotel construction and additions have increased the total accommodations available to a current level of 3100 guest rooms in the approximately 88 B&B's/lodges and the 33 hotels/motels of FNSB. Most of these new rooms tend to be high-end accommodations.

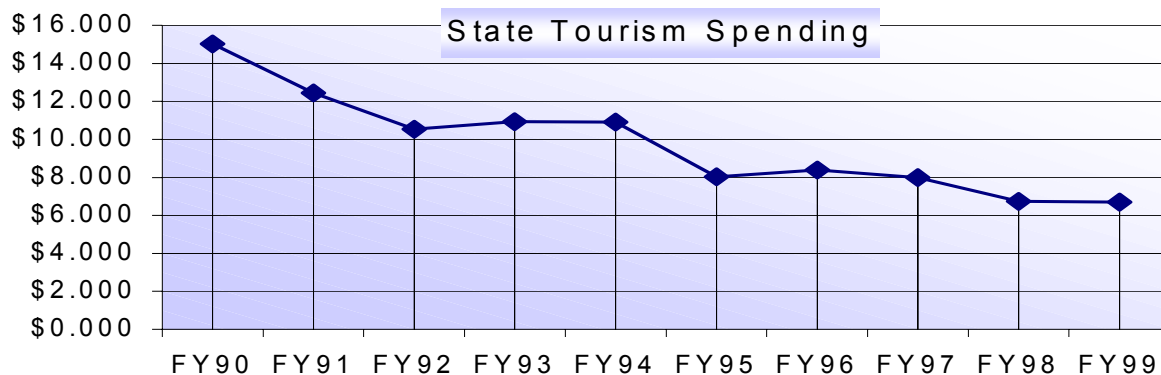
The Tanana Chiefs Conference (TCC) recently opened the Chena River Convention Center, which provides additional facilities for attracting conventions to the area. The City of Fairbanks, the Fairbanks Convention and Visitors Bureau (FCVB), the Fairbanks Alaska Public Lands Information Center (FAPLIC) and the Tanana Chiefs Conference (TCC) have formed a partnership to construct the Morris Thompson Cultural and Visitor Center. The vision for this Center would be to create a "world class visitor center" to educate, engage and inform the visitor as well as the community by providing a much needed educational resource for the interpretation, of local and regional cultural, historical natural resources and the exhibition and presentation of Native and non-Native visual arts, crafts and performing arts.

Alaska's tourism is growing but not keeping pace with tourism in other states. Since 1989, state funding for tourism programs has declined nearly 60% as the State budget continues to place the burden of marketing more on the industry (which is contrary to trends in other states) by imposing more taxes, fees, and assessments on the tourism.

With a declining trend in tourism growth that may take awhile to change, Fairbanks is challenged to increase its own market share. The FCVB is spending more than two-thirds of its budget on marketing. FCVB receives 65% of the bed tax from the City of Fairbanks to market and promote the Fairbanks area to potential visitors. FCVB also has a membership base of more than 430 businesses comprised primarily of private-sector visitor industry or entities that are supportive of the industry.

Strategies include drawing more conventions and large meeting groups to Fairbanks. The FCVB is also seriously assessing options to aggressively market Fairbanks as a destination "gateway" to both the Interior and Denali National Park. This effort responds to the fact that a large percentage of visitors to the park currently return to Anchorage. Efforts to make Fairbanks the point of entry for travelers would allow visitors additional tour opportunities that include Fairbanks in their travel plans (and then allows for traveling south to Denali National Park and on to Anchorage if they wish).

Alaskan communities must join with the tourist industry to market themselves as travel destinations for visitors. Cooperative statewide efforts to get more visitors to Alaska have potential to benefit all communities. The FCVB has made a significant financial investment toward growing statewide cooperative marketing which it considers key to the Fairbanks' success.



Source: Alaska Visitor Industry Association

The City of North Pole's Santa Claus House, community wide Christmas theme, the Chena Lakes Recreation area, and unique gift shops along the Richardson Highway capture the interest of visitors in tour buses, RV's and personal vehicles. The Riverboat Discovery, the Ester and El Dorado Gold Camps, Pioneer Park, and the University of Alaska Museum have long been on the "must see" list in the Interior. Visitors have

rated the Museum in the State's top-ten visitor attractions. They enjoy a comprehensive introduction and interpretation of the cultural and natural history of Alaska through the Museum's exhibits of authentic specimens and artifacts.

The University's museum is currently undergoing a \$31 million expansion. The architecture will be strikingly unique and filled with Alaskan and Northern treasures for the benefit of visitors and the community.

The Museum is accredited by the American Association of Museums and participates in numerous professional and research associations nationally and internationally.

Chena Hot Springs Resort was financial guarantor for a 2001 instituted Condor German Airlines weekly (May to October) direct flights of Frankfurt to Fairbanks passenger service. A recently reconstructed and paved road to Chena Hot Springs is a pleasant trip. More adventurous explorers can visit old mining towns in the area, or drive the Dalton Highway north, through the Brooks Range, to the Prudhoe Bay oil fields.

Construction

Major construction projects completed in 2001 in downtown Fairbanks include the Alaska State Court House and the Marriott SpringHill Suites hotel. The City of Fairbanks is currently constructing a new 21,000 square foot police station next to City Hall, and a new parking structure in the core downtown area.

Several road projects and airport construction activities were recently completed. Future road and highway improvements include improvement of roads and drainage in South Fairbanks, an interchange for Badger Road at mile 6 of the Richardson Highway, construction of a public viewing wayside at Eielson AFB with interpretive exhibits and construction of an overpass at the Alaska Railroad crossing at mile 309 in the Parks Highway. Likewise, the University of Alaska has received \$18.7 million from the State for deferred maintenance. Furthermore, the University received \$31 million in state and private funding to begin expansion of its museum. Industrial construction includes fabrication of modular units, which are shipped by truck to the North Slope oil fields.

Mining

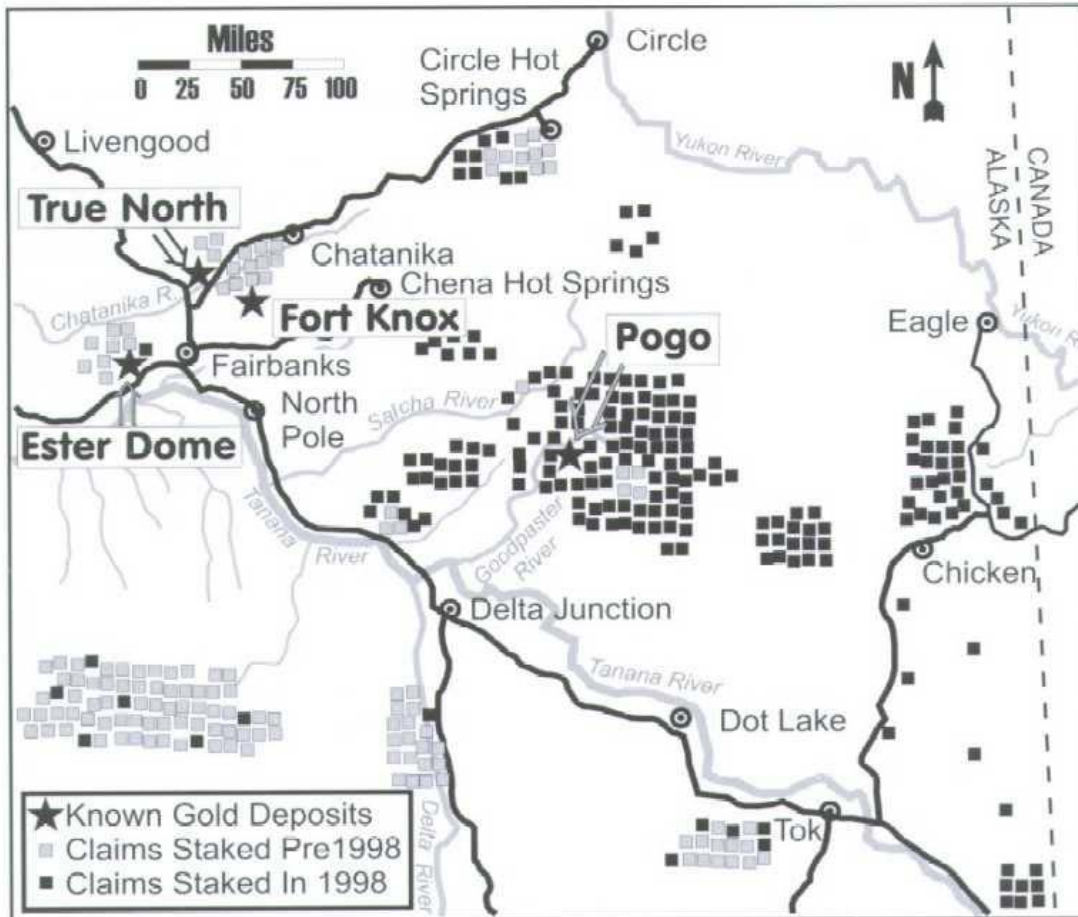
Mining is a significant economic sector of the region. In 1997, Alaskan gold production by hard rock mines exceeded production of placer mines for the first time in over fifty years. Fort Knox Gold Mine, under new ownership by Kinross Gold Corporation, produces about 363,000 ounces of gold per year. Teck Resources recently established its main office in Fairbanks. This firm owns the Pogo Mine located 115 miles east of Fairbanks, an operation that is currently in the permitting process. Ice roads that would provide limited seasonal access during the winter months are being considered for access to the mine. Two all season routes are also being reviewed, however they would more than double the distance to be traveled and substantially increase the cost

of the operation. The Pogo project will employ more than 300 workers and produce approximately half a million ounces of gold annually for approximately 12-15 years.

Small placer miners struggle with high fuel prices and low gold prices. Higher fuel costs significantly impact all mining operations but smaller operators lack the economies of scale and are much more sensitive to any increase in production costs. Large scale operations can continue operations as little as \$280 per ounce, but at that price many placer miners are forced out of production.

Fourteen known or prospective mineral deposits exist east of Fairbanks. All of these deposits are near an existing rail transportation corridor. Resource extraction is the major reason advocates favor extending the Alaska Railroad from Eielson AFB to the Canadian border to connect to the Canadian Rail system. Such a rail connection would have a tremendous positive impact on the economic development of the Fairbanks North Star Borough.

Claimstaking in a Portion of the eastern Interior region



Source: "Alaska's Mineral Industry 1998 Special Report" Div. of Geo& Geophysical Surveys

Usibelli Coal Mine (UCM) is headquartered in the Denali Borough but has a long history of serving the energy needs of the Fairbanks area. UCM has been in production for nearly sixty years and is currently Alaska's only operating coalmine. The company employs approximately 125 workers, including five Fairbanks area residents that work at UCM's marketing office. UCM's annual payroll exceeds \$10 million. Since 1943, UCM's mine production has grown from 10,000 tons to an average of 1.5 million tons of coal per year, about half is transported by rail to the port of Seward for export to South Korea. UCM pioneered the export of Alaska coal to South Korea in the mid 1980's.

Oil & Gas

The Fairbanks area serves as a staging area for oil/gas exploration and development on the North Slope. Activity in this area has grown since Alyeska Pipeline Service

Company located its pipeline maintenance business unit in Fairbanks to 1998. Alyeska is a transportation consortium that built and operates the Trans Alaska Pipeline System for its oil company owners. Alyeska Pipeline Company employs 216 workers. In addition, Houston-Nana Joint Venture performs pipeline maintenance under contract to Alyeska. Houston employs 468 employees.

H.C. Price Company has constructed a 12-module “grind and inject” facility designed to dispose of mine waste in an environmentally responsible manner. Modular construction is not new to Fairbanks and this project may significantly expand in the expertise of local companies and workers available to deliver services to the oil and gas industries. These developments will assist the Fairbanks area in maintaining its position as the central staging area for construction and maintenance operations for the North Slope oil fields.

The proximity of the oil pipeline to Fairbanks, gives the area access to the oil. As a result two refineries were constructed in the City of North Pole. Williams Alaska Petroleum purchased the MAPCO refinery in 1997. An expansion project at the refinery increased jet fuel production to its current level of 46,500 barrels per day. Most of the jet fuel produced at the North Pole refinery goes to Anchorage International Airport via the Alaska Railroad. Fairbanks International Airport also uses jet fuel produced by Williams. The Williams refinery at North Pole is Alaska’s largest and employs 155 workers.

PetroStar, a subsidiary of the Arctic Slope Regional Corporation, also owns a refinery located in North Pole which produces light fuels, including jet fuel and heating oil. This refinery employs 13 workers.

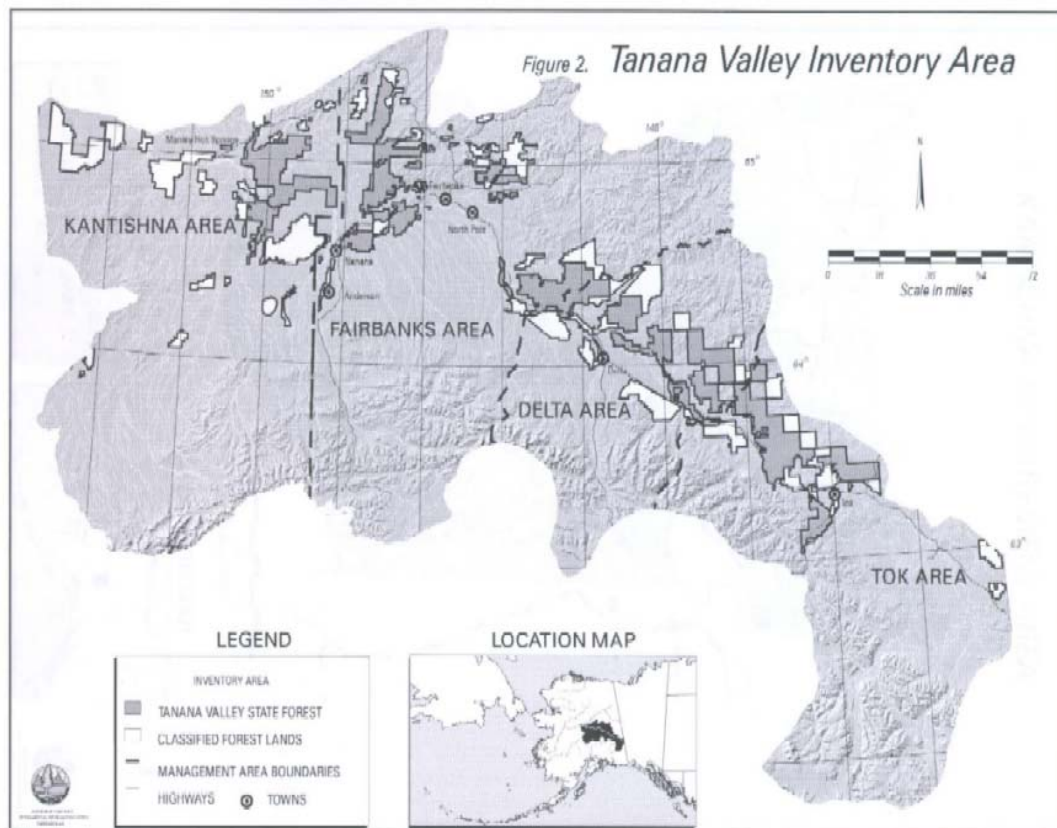
Forestry

The Tanana Valley State Forest contains approximately 1.8 million acres. The forest extends about 450 miles east from the City of Tanana at the confluence of the Tanana and Yukon rivers to the Canadian border. Lands given a primary designation as “Forestry” by the Department of Natural Resources make up 1,773,613 acres in four management areas:

Kantishna	317,930 acres
Fairbanks	578,706 acres
Delta	459,067 acres
Tok	417,910 acres

Source: Department of Natural Resources, Division of Forestry “Timber Resources on State Forestry Lands in the Tanana Valley.”

Major forest tree species are white spruce, black spruce, tamarack, paper birch, quaking aspen, and balsam poplar, which together cover approximately 89% of total



state land. The large inventory of birch trees make this forest a very interesting prospect for lumber companies specializing in finished hardwoods

Agriculture

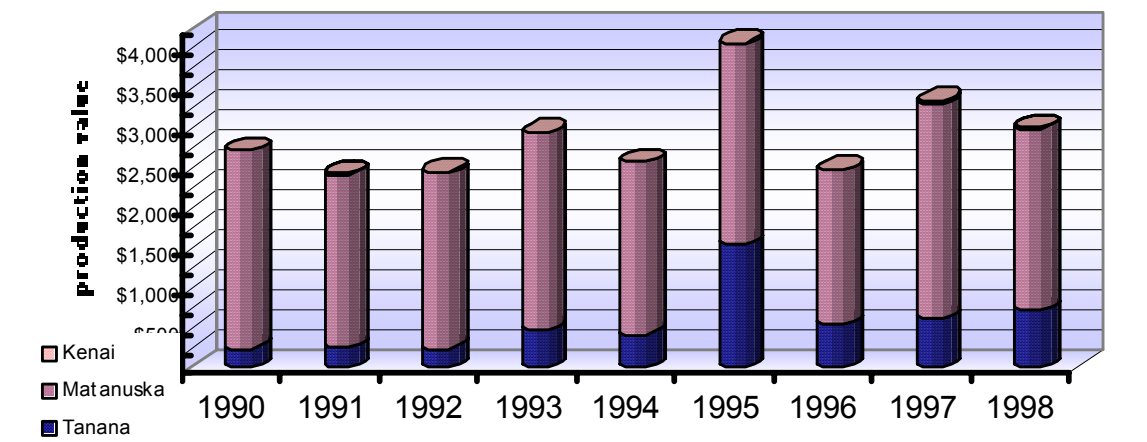
The main Alaskan agricultural regions identified by the U.S. Department of Agriculture are the Tanana and Matanuska Valleys, Kenai Peninsula, Southwest and Southeast Alaska. The greatest production is generally from the Tanana and Matanuska Valleys. The Kenai area is also active, but on a much smaller scale. Agriculture is negligible in Southwest and Southeast except for livestock, cattle in particular, raised on Kodiak Island and a few Aleutian Islands.

The Tanana Valley has produced an average of about one third of the value of Alaska's agricultural products in the last decade. Local farmers planted 58.8% of the total Alaskan acreage farmed and accounted for 33.1% of the average total crop production in the 1990's. The crops providing the highest total average value were barley (25%), all hays (47%), and potatoes (20%). Almost all of the oats produced in the State were grown in the Tanana Valley. The Tanana Valley provided approximately 10% of the State's vegetable production.

The highest value was obtained from grain and grass hay of which the Tanana Valley provides nearly 40% for the State.

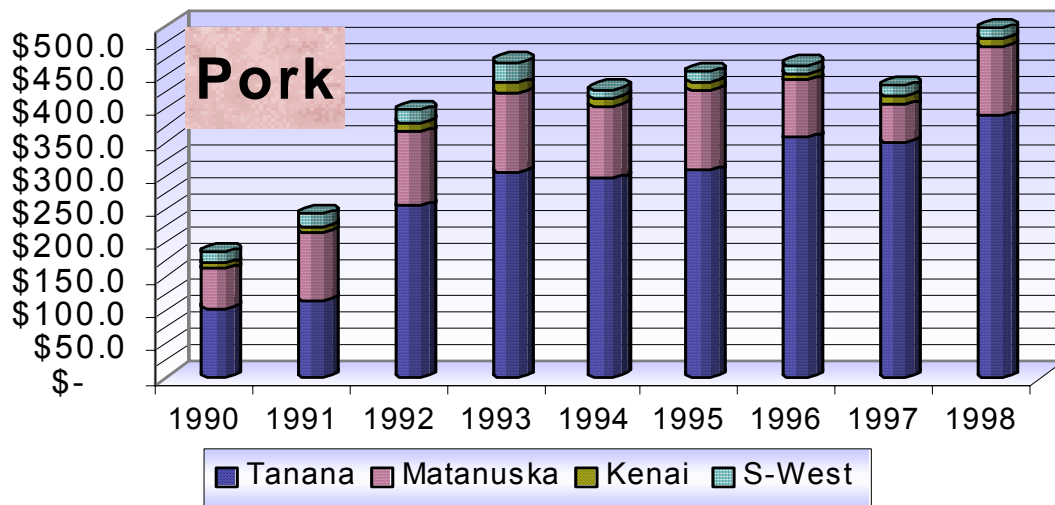
The production of potatoes has been increasing in the Tanana Valley. Recently there have been sales of disease free seed potatoes to China and Taiwan.

Potato Production 1990 – 1998



Source: "Alaska Agricultural Statistics 1998" U.S. Dept. of Agriculture, Alaska Agricultural Statistics Service

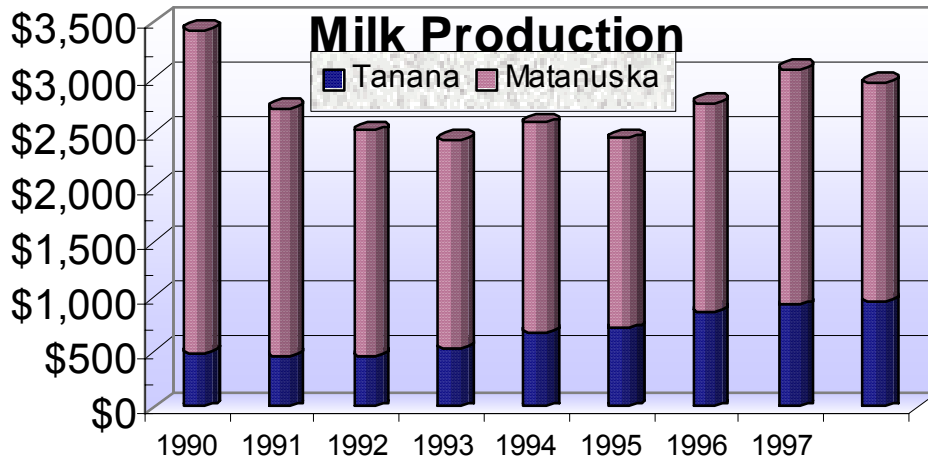
Tanana Valley farmers are taking advantage of their greater production of feed crops to raise. Beef and veal has shown consistent growth through the 1990's. Statewide, approximately \$3.5 million in beef, veal and pork are produced for local consumption. Sheep and wool production continues to be a minor product for Alaska.



Source: "Alaska Agricultural Statistics – 1999" USDA, DNR, AK Coop Extension

Milk

The Tanana Valley provided 14% of total milk production in 1990 but began growing in 1993 and now provides almost 33% of statewide milk production.



Source: "Alaska Agricultural Statistics – 1999" USDA, DNR, AK Coop Ext.

Higher energy costs may have a greater impact on Alaskan farmers than farmers in the "Lower 48" and thus a natural gas pipeline through the Interior may do a lot to help keep this industry competitive.

The total value of agriculture is relatively small compared to other natural resources, however it does offer significant potential for development. It offers the prospect of sustainable development in an area surrounded by development of non-renewable resources such as gold. The distance from the "Lower 48" works in favor of providing for local markets but along with the lack of a transportation infrastructure, it hampers efforts to export agricultural products.

E. Infrastructure

Transportation

Transportation plays a much larger role in Alaska's economy than in much of the rest of the nation. As one logistics expert pointed out in the November, 1999, Alaska Economic Trends, "In Alaska there are lots of starts and stops before anything gets where it has to go."

According to the Alaska Department of Transportation and Public Facilities Statewide Transportation Plan, Vision: 2020 Update, "For the State's resources – oil and gas, minerals, timber, and commercial fishing – the relative lack of standard truck and rail transportation means in many cases resources cannot be developed." From a resource development perspective, transportation is one of Alaska's great limiting factors. Innovative transportation alternatives must be explored to accelerate the economic growth of the State, especially in rural areas. Other factors can cause transportation to contribute to economic downturns in other sectors; for instance, rising fuel costs for the year prior to 2000 prompted surcharges that increased the cost of all goods transported to Alaska (including housing construction materials). Higher transportation costs in conjunction with rising interest rates can reduce the volume of new construction.

A Northwest Road/Rail transportation study has received funding. The plan's purpose is to identify regionally significant transportation needs and recommend solutions, which would improve movement of people, vehicles and freight between communities within the region. The planning area includes the coastal area above the Yukon Delta, extends north to the Arctic Ocean, east to the Railbelt at Denali Park, and Nenana then on to the Canadian border including the Arctic National Wildlife Refuge. The plan must address the area's high reliance on air transportation and limited season marine routes, seasonal travel imbalance (including the low frequency and high cost of services), and the impact on the environment.

Unbalanced freight flows have long been a problem that increases freight costs. Fuel is flown and/or barged to Interior villages and the carriers return empty. Trucks hauling products north from the "Lower 48" often have little cargo for the return trip, other than an occasional load of household goods. It is believed by some that many modes of freight transportation, including container ships are fortunate if they leave Alaska at more than 15% of capacity. Ironically, the imbalance of freight allows Alaskan companies to sometimes negotiate favorable back haul rates. This is an advantage to companies that can produce a volume of product, such as fish, and require relatively small amounts of freight from southern ports.

Air Transportation

Air transportation is the largest employer in the transportation sector and also remains a prime area for growth. Fairbanks was once the air hub for many in-state locations that are now served from Anchorage. Growth in international air cargo has helped replace some of the benefits lost from the shift of in-state cargo and passenger traffic, but international air cargo does not create the same level of impact to the local economy that existed previously. Ways must be identified to regain market share and thus stimulate growth in sectors of the economy such as the visitor industry, retail sales and various services, and construction. Additionally, delivery of regional services is made more difficult due to the current traffic flow. Staff from state agencies, or organizations such as the Tanana Chiefs Conference, who once had direct air service to western Alaska, now must travel south to Anchorage and return north to visit locations like McGrath, Nome, and Kotzebue. These extended trips result in a loss of resources for the agencies due to the additional time and expense incurred to provide routine services.

A primary challenge facing the community is the generation of new business for Fairbanks International Airport (FAI). The airport has historically operated at a loss; thus, additional international/domestic/intra-state traffic would generate revenues for airport operations, as well as the sale of fuel and services, and retail sales of goods and services to rural Alaskans

All scheduled air passenger transportation in and out of the FNSB is by air from Fairbanks International Airport. Fairbanks is also the hub for scheduled commuter service to numerous communities and for air charter flights. Since the seventies, Fairbanks has been a refueling stop for international air cargo flights due to its global position and the availability of competitively priced jet fuel from local refineries. Scheduled international cargo carriers are Luthansa Cargo, Air France, and Cargolux. Russian Antonov AN-124 charter flights occasionally refuel at FAI. Fairbanks carriers also deliver cargo and fuel to communities in the Interior region and Canada. FAI experiences 94 percent Visual Flight Rules (VFR) and 99.5 percent diversion-free operations for wide-body aircraft. Minimal de-icing is required due to the area's light, dry snow. In 1998 the Federal Aviation Administration ranked FAI as the nation's top airport for delay-free operations among 55 airports rated. FAI is also ranked as the ninth largest international cargo gateway in the U.S. The weather and infrastructure of Fairbanks also attracts aerospace manufacturers who find it an ideal location for cold weather testing of a wide variety of aircraft and related equipment.

Fairbanks International Airport is owned and operated by the State of Alaska's Department of Transportation and Public Facilities. It has an 11,800-foot (3,598m) air carrier runway with 1,000 feet (305m) of take-off performance-boosting clearways. FAI is equipped with a Category III Instrument Landing

System that can accommodate all types of major aircraft. U.S. Customs and Immigration services are also readily available. The 128,600-sf. terminal building is equipped with four mechanical jet ways. Alaska Airlines built a \$3 million warehouse and cargo handling facility on the airport in 1982. There are vacant facilities available for potential new air carrier operations. Tie-down parking spaces, T-hangars, heliport parking spaces and a transient campground are available for pilots visiting the area.

The Fairbanks Economic Development Corporation (FEDC) is actively marketing FAI under contract with the Department of Transportation and Public Facilities. The airport and community offer an attractive prime global position, central location in the State, competitive fuel prices, and a skilled labor force. Additionally, the University of Alaska, Anchorage has created a global logistics degree program in response to Alaska's growing air cargo transportation industry. FEDC and the Fairbanks Convention and Visitors Bureau (FCVB) are jointly contacting tourism air charter companies in Europe and Asia to attract potential new visitors. Tourism and other industries would benefit from more direct passenger routes to the "Lower 48".

Alaska Railroad Corporation (ARRC)

The Alaska Railroad Corporation (ARRC) is owned by the State, however it is an independently managed corporation. It was acquired from the Federal government on January 5, 1985. The regional railroad's mainline extends 470 miles from the all-season, deep-water port of Seward to its northern terminus in Fairbanks. There are 52 miles of additional branch lines that access the ports of Whittier, Anchorage, and extend twenty-eight miles east of Fairbanks to the oil refineries at North Pole and to Eielson Air Force Base.

The AARC provides both passenger and freight service. Passenger service is primarily a summer operation serving the tourism industry, which is a growth area for the railroad. Some of the cruise ship packages dock in Seward and guests travel by rail to Anchorage. In Anchorage, travelers may depart Alaska from the Anchorage airport or travel north to Denali National Park and Fairbanks on the railroad. Trips are also scheduled in reverse order.

Historically, the railroad hauled goods mostly north to Fairbanks and, with the exception of gravel, had little freight to return. The refineries in North Pole are now transporting large quantities of jet fuel to Anchorage. Usibelli Coal Mine in Healy also transports coal to the port of Seward for export to South Korea.

Northbound freight consists predominantly of interline rail-barge service received from Seattle/Tacoma, Washington, and Prince Rupert, Canada, through the Port of Whittier. Totem Ocean Trailer Express" (TOTE) and CSX Transportation transport goods from Washington in 40' and 53' containers. Canadian National

Railroad transports rail cars to Prince Rupert and operates a rail-car barge known as Aqua Train. The Alaska Railroad is currently developing a new rail car barge service from Seattle with Alaska Railbelt Marine, a subsidiary of Lynden Transportation. The barge is expected to carry 48 rail cars and will be towed by Crowley Maritime to Whittier.

The level of activity in the North Slope oil fields has significant impact on the amount of freight hauled north by rail. When construction of the natural gas pipeline project begins, huge amounts of pipe and other equipment will be moved north by the railroad.

Oversized equipment that cannot be transported over the highway is often moved by rail. Large quantities of ammunition for the military and chemicals such as limestone and cyanide are transported by rail from Canada for Fort Knox operations via the ARRC. About 100 to 120 rail cars per year haul cement produced in Anchorage.

Approximately 600,000 tons of coal is transported annually from the Usibelli Coal Mine to power generation plants at Clear Air Station, Fairbanks, Ft. Wainwright and Eielson AFB. Coal demand fluctuates with the season. About 5,000 tons per month are hauled in the spring. Inventories are expanded as winter approaches, resulting in about 13,000 tons of coal being transported per month during the winter.

Southbound freight is the petroleum products, jet fuel in particular, refined in North Pole. Presently, ARRC is running two fuel trains per day to accommodate the need for jet fuel in Anchorage. ARRC and Williams are discussing construction of a pipeline along the railroad corridor in five to ten years. The pipeline would be owned and maintained by Williams and the land would be leased from ARRC. Accordingly, no revenue loss is expected by ARRC while lower logistical costs and risk of fuel spills would benefit the railroad.

The management of the railroad has many improvements planned for the future. Sixteen new 4,000 horsepower locomotives promise better, safer and more efficient performance. In Fairbanks, the railroad plans to eliminate twenty-six at grade road crossings between Ft. Wainwright and North Pole by relocating the current track. The specific route has not yet been determined. All of the routes being considered will greatly improve safety and will decrease the travel time of the train between Fairbanks and the refineries in North Pole. A new passenger terminal near the Johansen Expressway is being planned for construction in May of 2002. This new facility will expedite the movement of passengers on and off the trains, reduce traffic congestion, and facilitate the cleaning and turn-around of passenger trains.

There is strong support from both Alaska and Canada for extending the railroad east to the Canadian border. A rail corridor through eastern Alaska and Canada has been identified and the Alaska State Legislature has re-authorized the acquisition of a right-of-way to the border. No immediate plans exist to spend funds, but ideas for maximizing the potential of such a right-of-way for other transportation, communication and utility infrastructure are being explored. The proposed route would provide access to over thirty sites of known mineral deposits as well as millions of board feet of timber.

The railroad employs approximately ninety employees in Fairbanks year-round with summer employment peaking at about 150 during the summer months.

Highway & Road Systems

Fairbanks is connected year-round to Canada and the “Lower 48” by the Alaska Highway. The Alaska Highway officially terminates at Delta Junction where it meets the Richardson Highway, which continues on to Fairbanks. People moving to Alaska often consider the drive over the Alaska Highway a memorable part of their coming to the State. The route is now paved and overall the road is well maintained. The Richardson Highway connects Fairbanks and the port of Valdez.

The George Parks Highway was constructed in the late 60’s to shorten road travel time between Fairbanks and Anchorage. It also provided greater access to Denali National Park, the State’s top tourist attraction. The Parks Highway extends 300 miles south from Fairbanks to Wasilla where it connects with the Glenn Highway to Anchorage and Glennallen.

The Steese Highway leads north as far as Circle on the Yukon River. North of Fairbanks, the Chena Hot Springs road branches off the Steese Highway and terminates at the springs. The junction of the Elliott and Steese highways is at Fox, north of Fairbanks. The Elliott Highway extends west to Livengood and on to Minto and Manley Hot Springs. The Dalton Highway begins just north of Livengood and continues to the Prudhoe Bay oil fields

Local Roads

The City of Fairbanks Public Works Department maintains 257 miles of road. This involves street sweeping, patching, grading, dust control, drainage maintenance, and street sign and visibility maintenance. In the winter, snow removal and sanding of the road and streets is necessary.

Construction or improvements of new roads locally is often dependent upon the city’s willingness to accept responsibility for maintenance. The State of Alaska Department of Transportation and Public Facilities often gives greater priority to

road projects that relieve it of maintenance responsibility, such as the recent upgrades and re-construction of Trainor Gate Road and the Old Steese Highway. The State previously repaired and performed snow removal for these roads. However, funds were allocated by the State to upgrade these roads largely because the City of Fairbanks agreed to assume these maintenance responsibilities after completion of the upgrades.

Trans-Alaska Pipeline System

The Trans-Alaska Pipeline System (TAPS) transports crude oil from the North Slope oil fields to the port in Valdez. Alyeska Pipeline Service Company is responsible for maintenance of TAPS and has 216 employees working from its Fairbanks Business Unit. Alyeska contracts some of the pipeline maintenance to Houston-Nana Joint Venture, who employs 468 workers.

Proposed Natural Gas Pipeline

Recent increases in the price of natural gas has rekindled interest in the construction of a natural gas pipeline from the north slope to markets in the “Lower 48” states. The major producers of oil on the North Slope and various investment groups have been proposing alternate pipeline routes ranging from the existing TAPS corridor to a northern route under the Beaufort Sea then south along the McKenzie River to hubs in Alberta. The Alaska Gasline Port Authority is promoting a split route that sends one leg of the pipeline east from Delta Junction to Canada via the Alaska Highway while the other leg would continue south to Valdez. The final route selection will be influenced by political consideration as much as by economics. Most Alaskans favor a route that will provide jobs for Alaskans and give Alaskans access to the natural gas. Additionally they want to maximize the economic benefits to the State. Such a route would bring the gas line close to Fairbanks, which would provide economic opportunities for the Interior.

Natural Gas

Fairbanks Natural Gas (FNG) offers services to Fairbanks on a limited basis. FNG is a subsidiary of Northern Eclipse LLC (NE), which receives natural gas from the Beluga Gas fields near Anchorage. The LNG is transported by tanker truck to a storage and vaporization facility located in Fairbanks. FNG currently sells approximately 350,000 MCF of natural gas per year to three hundred customers. The distribution system was expanded eight or so miles and plans call for ongoing expansion. If the natural gas pipeline from the North Slope passes near Fairbanks, FNG could become a major utility in the Fairbanks area. FNG reports that a home that uses natural gas for heating, water heating, clothes drying, and cooking contributes 60% less carbon dioxide to the atmosphere than other fuels.

Utilities

Utilities in Fairbanks have been restructured considerably in recent years. Voters approved the sale of the Municipal Utility Systems (MUS) in 1996. The City of Fairbanks accepted a joint offer for the purchase of MUS from three local private utility companies in 1998. Aurora Energy LLC was formed to take over the steam heat distribution system operated by MUS.

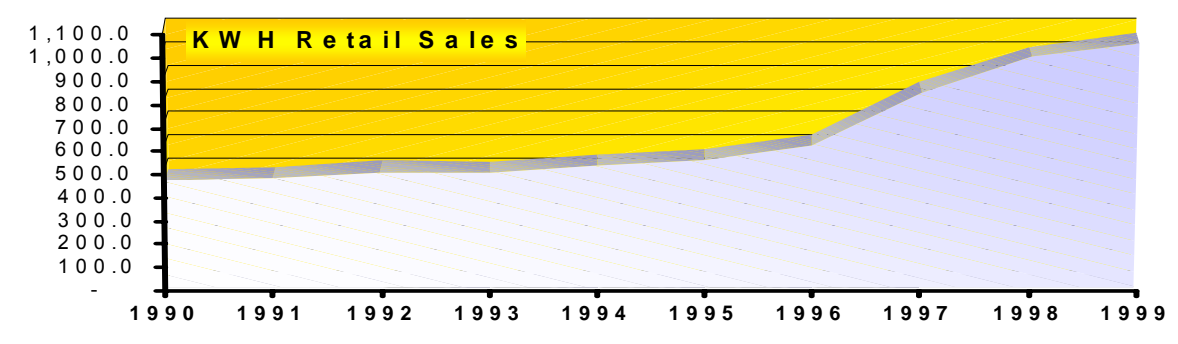
This system serves downtown Fairbanks. Future expansion of the distribution system is expected to be an extension of new hot water systems rather than steam due to the higher cost of installation.

The Aurora Energy Chena Power Plant is a coal burning cogeneration facility, producing steam for heating energy and to power turbines that drive electric generators. The cogeneration plant distributes heat to major structures in the downtown area providing lower heating, maintenance and insurance costs that attract business to the area.

Electric Utilities

Golden Valley Electric Association (GVEA) distributes power to about 37,700 service locations in Fairbanks, Delta, Nenana and Cantwell over 2,475 miles of transmission and distribution lines. The utility has five electrical generating facilities utilizing oil and coal. Sufficient capacity exists to accommodate a substantial increase in power demand. Over the last decade, kilowatt-hour purchases more than doubled as the number of new customers increased and the largest existing customer, The Fort Knox Gold Mine, required more electricity.

Kilowatt Hours (KWH) of Electricity Sold Fairbanks Area: 1990 – 1999



Source: GVEA "1999 Annual Report"

GVEA's rates have not risen in the past couple decades; however, Golden Valley filed a rate study with the Regulatory Commission of Alaska (RCA) on August 1.

2001. This is the first time since 1982 that GVEA has formally reviewed its rates. No new rates would be effective until after fall of 2001.

The University of Alaska, Ft. Wainwright, and Eielson Air Force Base have their own electrical generating facilities. All electrical providers are linked to an intertie system that can provide back-up power in the event of a power outage or other emergency. Some of these providers also sell surplus power to one another on a common power grid that linked Anchorage, Fairbanks and other railbelt power systems when built in 1982. A second intertie has been approved for construction.

Water and Sewer

The Fairbanks North Star Borough has water and sewer systems where population density makes it economically feasible. Presently, all sewage is conveyed to the Golden Heart Utilities (GHU) area-wide wastewater treatment facility. The plant treats 3 million gallons of water per day to serve approximately 33,000 people. GHU recently filed for a 10-12% rate increase which is being reviewed by the Regulatory Commission of Alaska.

College Utilities Corporation provides water service to approximately 170 businesses and 10,000 residents with about 1,900 service connections. Water sales are about 250 million gallons annually distributed through 64 miles of transmission and distribution mains. Ft. Wainwright and the City of North Pole have their own water systems and North Pole also has its own sewage treatment plant. Ft. Wainwright utilizes GHU's Wastewater Treatment Plant.

The FNSB operates the landfill for solid waste disposal. The facility accepts a broad range of refuse including waste oil, batteries and has cells for disposal of asbestos. The Borough has solid waste transfer sites for residents living outside of the City of Fairbanks where there is no public trash collection service. The City of Fairbanks provides residential trash collection service. Private trash pick up is also available in the North Pole area at the curbside. Ft. Wainwright and Eielson AFB have their own landfills for solid waste disposal.

Telecommunications

There are three undersea fiber optic cable systems connecting Alaska to the "Lower 48" states (Alaska Fiber Star, Alaska United (GCI) and AT&T. Two fiber cable systems connect Fairbanks to the undersea fiber cable systems – Alaska Fiber Star and GCI. One fiber cable system (GCI) connects Fairbanks with Prudhoe Bay.

Currently, Alaska Communications Systems (ACS), the incumbent local exchange carrier and General Communications Inc. (GCI) provide local

telephone service in the Fairbanks area. One local exchange carrier, ACS, serves the North Pole exchanges. AT&T/Alascom and GCI utilize their own satellite facilities for some of the long distance telephone traffic, particularly to the rural communities. Many of the rural communities are served by state-of-the-art DAMA earth stations.

Three competing companies – ACS, AT&T/ALASCOM and GCI, provide interstate and intrastate long distance for the Interior. Internet access has four competing providers: ACS, AT&T, GCI and Internet Alaska. There are three options for high-speed inter-net connectivity – ACS provides DSL service in certain locations in Fairbanks, Alaska Wireless provides wireless cable modem service and GCI provides hard-wired cable modem access. It should be noted that DSL and hard-wired cable modem access are limited to areas where infrastructure exists, thus coverage is not available to all areas of the Interior

Media

The Fairbanks Daily News-Miner was established in 1908 and is the State's second largest daily newspaper. When MediaNews Group (the nation's seventh largest newspaper chain) purchased the locally owned newspaper in 1990, the News-Miner adjusted delivery of its afternoon paper to a morning edition and added a Sunday edition. The main concern was being able to provide the most timely statewide news to meet the needs of local readers. They recently established a Washington DC bureau.

There are ten radio stations and six television stations received in the Fairbanks/North Pole area without cable. Cable entertainment available in the Fairbanks and North Pole areas include two wireless services (Alaska's Choice and Alaska Wireless), one hard wired cable provider (GCI) and one DBS provider (Dish Alaska).

F. Relationship of Fairbanks North Star Borough to the Interior Region

The State Department of Labor defines the Interior as the Fairbanks North Star Borough, Southeast Fairbanks Census Area, Denali Borough, and the Yukon-Koyukuk Census Area. All of these divisions of the Interior have some road systems within their boundaries, but the number of road miles and communities impacted by roads varies significantly. The Fairbanks North Star Borough and Denali Borough are part of the Railbelt and enjoy greater economic opportunities due in part to the degree of access and diverse transportation options available to businesses, residents, and visitors.

Denali Borough residents reside primarily in Cantwell, Denali Park, Healy, Clear Air Force Station, and Anderson. Usibelli Coal Mine, in Healy, provides approximately 120 full-time year-round jobs and an annual payroll of more than

\$10 million per year. Clear Air Station also provides good jobs to a number of residents, particularly in Anderson. The Denali Borough has a lower percentage of children and seniors than the other areas of the Interior. The adult workforce is nearly 8% higher than the state average. The borough also has less than 7% non-white residents and twice the state average for non-resident workers. Most of these conditions are the result of seasonal employment at businesses serving Denali National Park and the Air Force personnel stationed at Clear Air Force Station without their family members.

The Yukon-Koyukuk Census area identifies 43 communities within its boundaries. The City of Nenana is a key community along the Railbelt and serves as a transfer point for barges serving communities down the Tanana and Yukon Rivers. In this capacity, Nenana is somewhat of a cultural crossroad for the Interior. Nenana has declined to be part of either borough. The community is part of the Yukon-Koyukuk Census area, which is wedged between the Denali and Fairbanks North Star Boroughs. The Yukon-Koyukuk region covers 148,258 square miles, yet it has only 6,551 residents. The only communities accessible by road are Nenana, Manley Hot Springs, Minto, Central, Circle, and Circle Hot Springs. Only air service and seasonal river transportation serve the remaining communities.

Demographically, the Yukon-Koyukuk region is 75% Koyukon Athabascan Indian and 25% Caucasian. The region is the only area of the Interior to experience a decline in employment during the 1990's. Total per capita income is the lowest in the Interior at just over \$19, 000.

All the communities in the Southeast Fairbanks Census Area are connected to the road system. Delta Junction is approximately 90 miles southeast of Fairbanks. The Alaska Highway extends to the communities of Dry Creek, Dot Lake, Tanacross, Tok, Tetlin, and Northway. The Taylor Highway connects the communities of Tok, Chicken, and Eagle. The demographics of the region are similar to those of the Yukon-Koyukuk region. However, the area does experience higher unemployment.

There are wide statistical distinctions related to population density, median age, unemployment, per capita income, population growth rates, income growth rates, and education throughout the Interior. There is significant diversity between the areas identified, and each region presents its own set of challenges and opportunities.

Fairbanks provides a significant level of service to communities in the Interior by air, and many of the outlying residents come to Fairbanks for medical, dental, and other services.

A Snapshot of the Interior Region

updated 8/10/2001 E-mail: Brigitta_Windisch-Cole@labor.state.ak.us Tel (907)269-4863

	Alaska	Fairbanks N.S. Borough	Denali Borough	Yukon- Koyukuk C.A.	Southeast Fairbanks C.A.
Geography: (square miles)	570,374	7,362	8,873	148,258	25,984
Population (2000)	626,932	82,840	1,893	6,551	6,174
Population Growth (1990-2000)	14.0	6.6	7.3	-2.4	4.4
Median age (2000)	32.4	29.5	37.6	31.1	33.7
Persons per household (2000)	2.74	2.68	2.28	2.81	2.80
Age (2000):					
Percent under 5 years old	7.6	8.1	5.2	7.1	7.1
Percent school age population (5 to 17)	22.8	21.9	18.5	27.9	25.6
Percent adult workforce population (18 to 64)	63.8	65.3	73.1	57.6	61.1
Percent seniors (65 years & over)	5.7	4.6	3.1	7.3	6.1
Gender:					
Percent female (2000)	48.3	47.8	41.8	45.7	48.3
Demographics of the region: (2000)					
One Race:	94.6	94.6	94.8	96.1	95.2
Percent White	69.3	77.8	85.7	24.3	79.0
Percent Black or African American	3.5	5.8	1.4	0.1	2.0
Percent American Indian and Alaska Native	15.6	6.9	4.8	70.9	12.7
Percent Asian	4.0	2.1	1.5	0.4	0.7
Percent Native Hawaiian and Other Pacific Islander	0.5	0.3	0.4	-	0.1
Percent Some other race	1.6	1.7	1.0	0.4	0.7
Two or more races:	5.4	5.4	5.2	3.9	4.8
Percent Hispanic or Latino	4.1	4.2	2.5	1.2	2.7
Workforce:					
Annual average unemployment rate (2000)	6.6	6.2	9.7	15.4	11.7
July 2001 unemployment rates	5.0	4.5	4.1	12.3	7.7
June 2001 unemployment rates	5.6	5.0	3.5	14.4	8.3
Annual average monthly employment (2000)p	280,551	33,498	1,797	2,032	1,600
Percent nonresident workforce (1999)	18.1	13.2	37.0	12.5	14.8
Income measured:					
Personal per capita income (1999)	\$ 28,629	\$26,082	\$38,410	\$ 19,126	\$ 22,629
Wage and salary employment (annual ave. 2000)	\$ 34,705	\$32,472	\$34,003	\$ 26,010	\$ 30,703
Educational attainment					
Percent high school graduate or higher (1990)	86.6	89.8	n/a	73.2	85.9
Percent bachelor's degree or higher (1990)	23.0	25.2	n/a	13.8	19.0

Source: AK Dept. of Labor and Workforce Development, Bureau of the Census

G. Factors Directly Impacting Economic Performance Opportunities

Federal, State, Local Laws

There is a relatively small land base available to the Fairbanks North Star Borough for taxation and commercial development. The Fairbanks North Star Borough owns 3% of the land within its boundaries while the State of Alaska retains the sub-surface estate. Since the Borough was not formed until 1964, (five years after statehood), much of the prime land had already been selected by federal and state agencies or was owned by the incorporated cities and private interests. The Borough has created subdivisions and sold land to promote a larger tax base, but at this time much of the land is not easily accessed for this purpose.

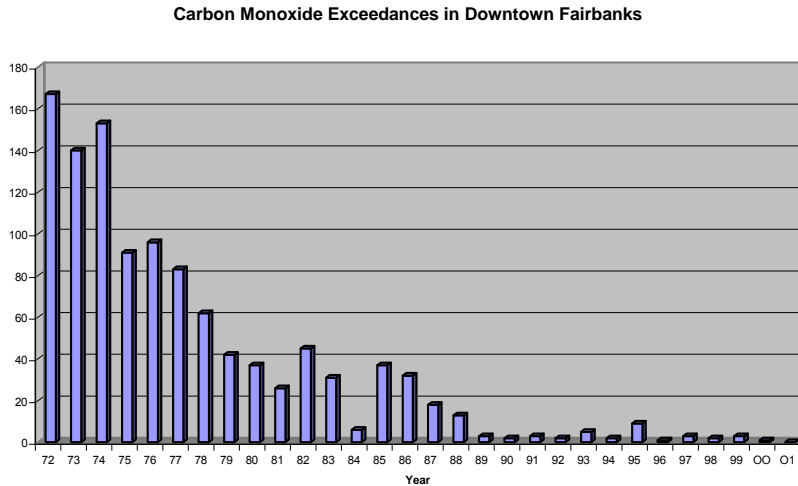
Large amounts of public land restrict some forms of development, however may provide recreational opportunities. Other land may simply serve as open space to separate developments. Long-term planning will create a template for maximizing land value and reducing land use conflicts.

Environmental Protection

In Alaska, much of the land is owned by government agencies and use of the land is intensely scrutinized by the general public. Resident and non-resident special interest groups, representing developers and environmentalists, are very active in Alaskan land issues. Developers need to allow sufficient lead-time to involve the public and especially communities or neighborhoods that may be directly impacted by development. This open dialogue between developers, special interests and the public involves much time and effort and may increase the cost of a project. Alternatively, it may also result in lower project costs, goodwill, and a positive working relationship between the general public, special interest groups and the commercial interests.

There are currently superfund sites related to military disposal east of Fairbanks. Fairbanks' downtown air quality has shown a marked improvement in carbon monoxide levels that occur when the winter's cold inversion layers trap exhaust. In 1972, the first year measurements were routinely recorded, there were 167 exceedances of the carbon monoxide standard. In 2000 there was one exceedance and there have been none so far in 2001. Due to tightening of EPA requirements only one exceedance is now allowable annually; above that level, there is the threat of withholding of federal funds. A metal and paper recycling demonstration project was done at the Wood River Elementary School, which demonstrated that recycling is both cost effective and possible at the neighborhood level. The Northern Alaskan Environmental Center, Denali Foundation, Alaska Outdoor Council, Alaska Center for the Environment, Interior

Alaska Land Trust, and Noyes Slough Action Committee are all involved in different local ecological issues in the Fairbanks area.



Source: Fairbanks North Star Borough

Financial Resources

Public financial resources have been heavily influenced by the State's reliance on oil royalties for the major share of government operations. These royalty percentages change along with volatile oil prices and can cause large variances in State revenues. During the past five years, the State Legislature has reduced government spending considerably, eliminating or reducing funding for services, municipal revenue sharing, and changing funding formulas for local schools.

The mill rate for the City of Fairbanks increased from 1990 to 2000 by almost 50%. The Borough area wide mill rate increased somewhat during the same period of time. In 2000, the Borough dropped the 1999 mill rate of 16,184 to 15.34. The 2001 mill rate is 15.54. The Borough derives 73% of its revenue from property taxes and spends 50% of its revenues on education or debt related to schools. In 2000 the mill rate for the City of North Pole increased 20%.

Capital for new business start-ups is generally available. Fairbanks has an adequate number of banks that offer commercial lending. A variety of Credit Unions and Mortgage Companies provide other financial services.

Both the public and private sector have enjoyed relatively low interest rates that have allowed bonds or other debt to be refinanced, thus lowering debt service and increasing funds available for other purposes. Financial resources for development appear to be readily available, and it is interesting to note that much of the recent activity is coming from the Native sector. Doyon Limited recently

constructed the new Alyeska Pipeline Service Company business unit facility to house Alyeska Pipeline Service Company's new business unit in Fairbanks. Doyon Limited also built a new corporate headquarters building on the north bank of the Chena River and sold its previous building to the Fairbanks Native Association. Tanana Chiefs Conference recently constructed the Chena River Convention Center and is remodeling several buildings near its main office building near the Wendell Street Bridge. A coalition of six Native corporations recently finished construction of the \$16 million, 140 room SpringHill Marriott; Native corporations own 70% of the property. Kuskokwim Corporation has already been a major investor in Fountainhead Development. Two other Native corporations that lie within the boundaries of the Doyon region are involved.

Other developments include the Anchorage based Sadler's Furniture acquisition of the JC Penney building to relocate and expand its show room on the second floor, while the first floor is vacant (but available for commercial retail activities). The Anchorage based JL Properties has purchased the Old Federal Building (Courthouse Square) the Coop Building and the Northward Building. Regal Cinema constructed a new 16-screen theater and demolished the Goldstream Theater. Investment by local business has also occurred. Gene's Chrysler opened a new showroom and service center. NorthWave Alaska completed construction of the 180-room Pikes Waterfront Lodge and Conference Center in May 2000. Chena Hot Springs Resort has added a 3,000-sf recreation center. They were instrumental in attracting the German airline, Condor, to run flights out of Fairbanks International Airport. A&W Wholesale sold its old warehouse along the Chena River to the Elks Lodge and constructed a new facility. A new Kentucky Fried Chicken outlet was constructed and has opened. Greatland River Front Properties acquired a 147-passenger sternwheeler and has begun offering tours.

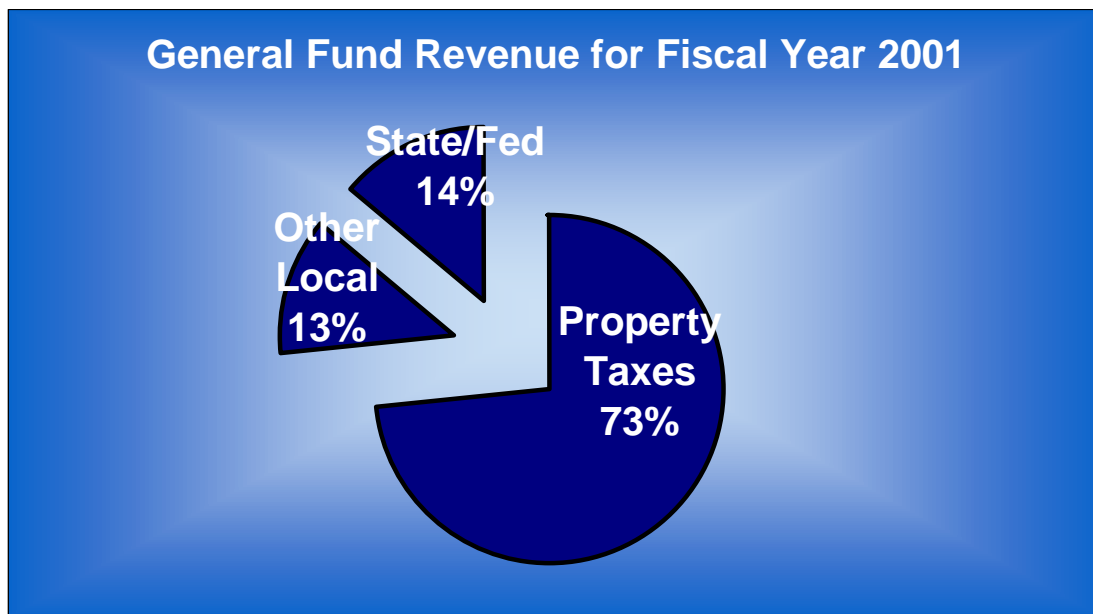
Higher risk businesses may be able to obtain funding from venture capitalists and other more conventional methods for start-ups utilizing Small Business Administration (SBA) or Bureau of Indian Affairs (BIA) guarantees. Tanana Chiefs Conference also has the Denji Fund, a revolving loan program available for small businesses. Other loan programs for rural businesses are available from the State or Alaska Village Initiative. Agencies such as the Minority Business Development Center and Small Business Development Center are available to assist new entrepreneurs to access these sources of capital.

Business and Personal Taxes

Alaska is the only state that has neither an income tax for individuals nor a sales tax. The State taxes corporations in graduated increments up to \$90,000 of taxable income. Taxable income in excess of \$90,000 is taxed at 9.4%. This has obvious benefits for organizational structures that pass income through to non-corporate owners for taxation such as proprietorships, partnerships,

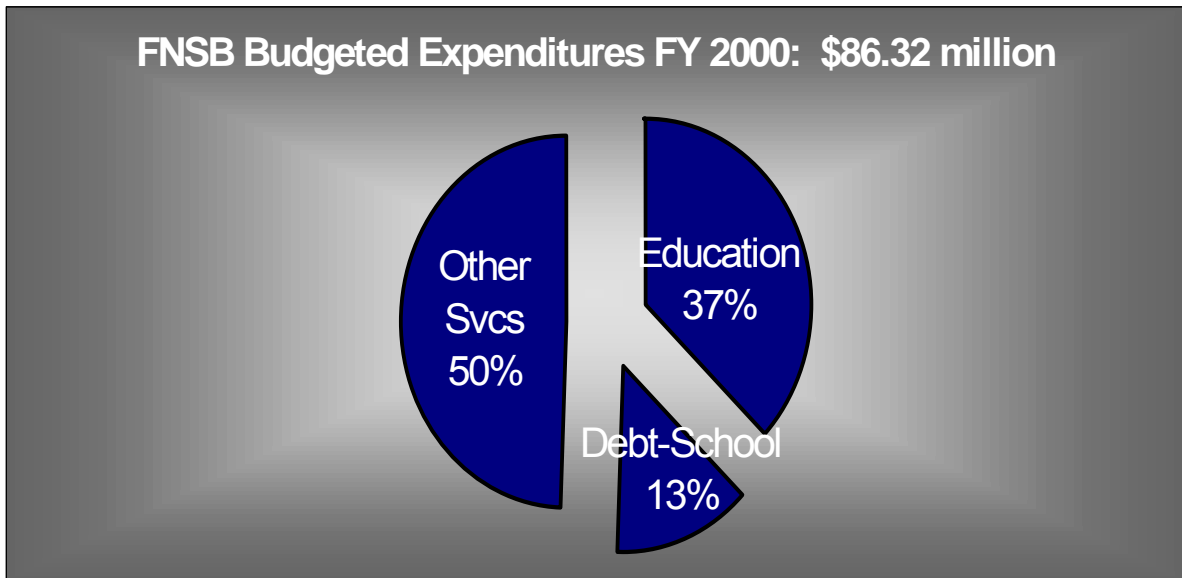
Subchapter S Corporations, and Limited Liability Companies. The income is subject to federal income tax, but as an individual, income is not taxed by the State. Alaska's state government operates primarily from oil royalties. Other resource income comes from severance taxes on mining, fish tax, and corporate income taxes (as well as a variety of excise taxes on motor fuels, alcohol, tobacco etc...)

The FNSB generates revenue from property taxes, bed taxes and funds received from the State and federal governments. The cities of Fairbanks and North Pole assess property tax that is collected by the Borough and passed through to the cities. Property tax assessments are based upon whether the property lies outside incorporated cities (non-area wide) or within cities (area wide). The area wide property tax is assessed to pay for items such as school or library bonds. Non-area wide property tax assessments provide for services that would otherwise be unavailable outside the incorporated cities (emergency medical services, economic development, waste collection, etc.)



The total Appropriation from the General Fund was \$86,325,570. As indicated, taxes made up about three quarters of FNSB's revenue; the remaining quarter was split between State/Federal and Local sources. Funding for education accounted for 50% (while the other half of funding went to other services).

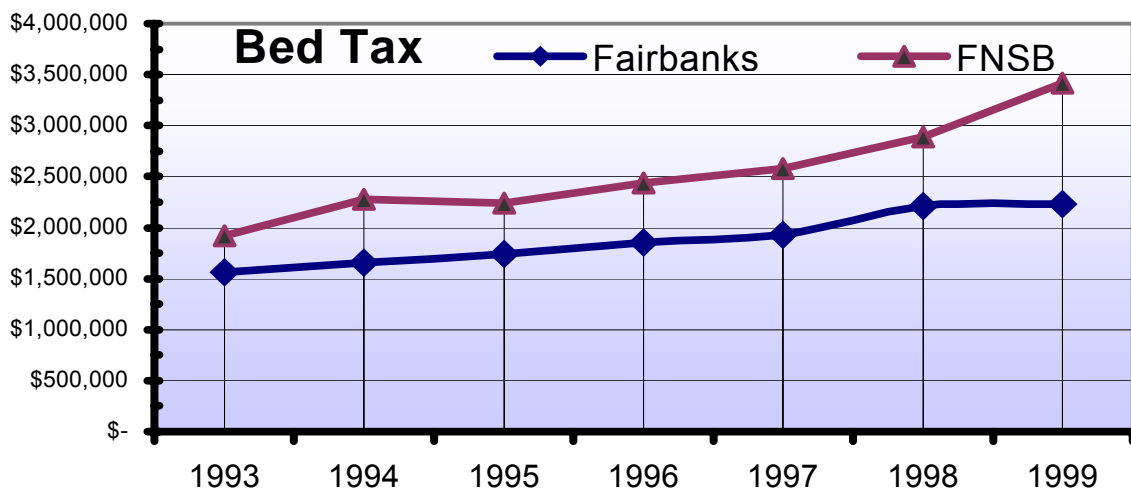
Source: FNSB Ordinance 2000-020 Appropriating Funds for FY 2001



Ten Mill Initiative

A statewide property tax limit known as the “10 Mill Initiative” recently failed. It attempted to limit property tax to no more than one percent of a property’s assessed value and property assessments would not have been allowed to increase more than two percent per year regardless of fair market value of real property (Fair market value being the basis for assessment only upon new construction or sale). If the Initiative had passed, the Fairbanks area would have lost revenue due to the pipeline assessment.

As mentioned, the FNSB and the City of Fairbanks also have an 8% bed tax; while North Pole doesn’t have one. Bed taxes have risen significantly due to the increase in tourism and construction of new hotel rooms.



Source: FNSB Community Research Center

Sales Taxes and other fees

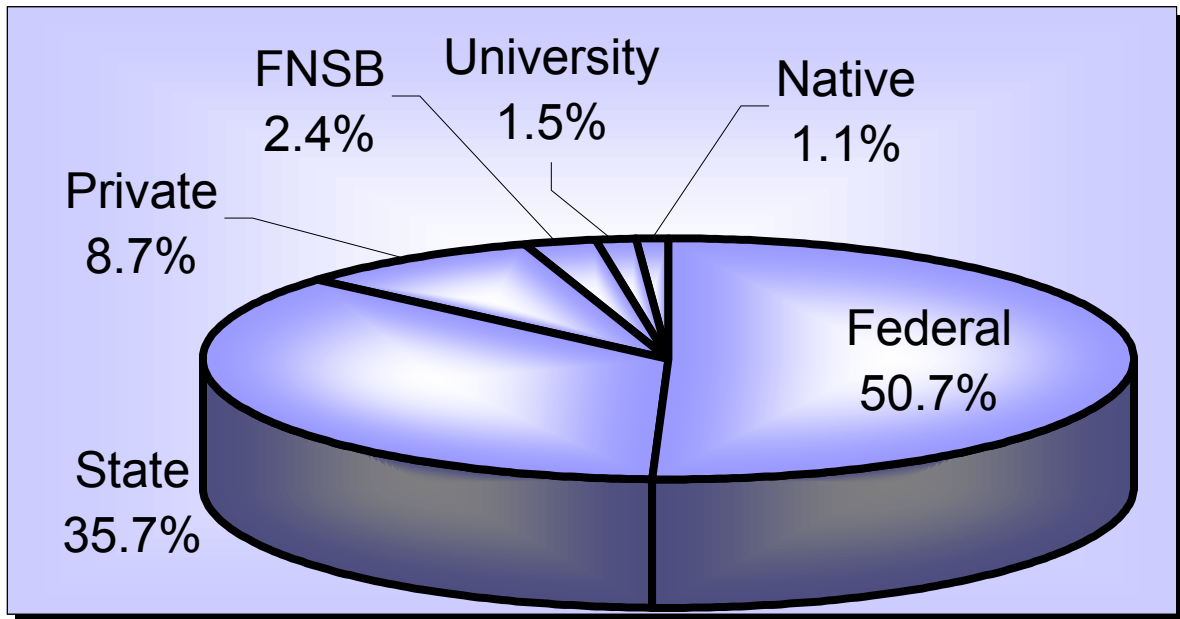
The City of Fairbanks levies a five-percent sales tax on retail sales of alcoholic beverages sold within the corporate city limits. Fairbanks also levies an eight-percent excise tax on the wholesale price of tobacco products. The City of North Pole has a three-percent retail sales tax on goods and services provided within the city limits; the sales tax is limited to six dollars per transaction (3% of \$200) and does exclude specific items by ordinance (i.e. prescriptions and other health care supplies). North Pole also requires a \$10 annual business license fee and collects other revenues from permit fees such as \$1,700 fireworks sales permits.

Land Use Patterns

Despite the fact that 4.7 million acres (7,361 square miles) of land lie within the boundaries of the Fairbanks North Star Borough there is a relatively small tax base due to the sparse population.

Approximately 95% of the 2.4 million acres of federal land within the FNSB are owned by the military. Such a large land base is a valuable asset for military training exercises. The military has provided significant stability to the Fairbanks economy since the Second World War and is likely to continue in that capacity.

The State of Alaska owns over 1.75 million acres of land within the FNSB borough including forest harvest reserves and leased lands for mining activities. Lands owned by the other state agencies such as the Alaska Railroad Corporation or the University of Alaska are often leased with improvements that are subject to property tax by local government. Other lands represent open spaces or lands made available to the public for recreation.



Source: FNSB Assessing Department and Lands Department

Historically, the Alyeska Pipeline has been the largest source of property tax in the Borough since it was completed in 1978. However, due to an agreement with the State, the pipeline is not assessed upon fair market value but rather is assessed upon the sum of discounted future cash flows. Fort Knox is currently the Borough's largest taxpayer as the value of the pipeline's cash flows continues to depreciate. A new discovery of oil would have a positive impact on FNSB's tax revenue as it would lessen the year by year depreciation.

Often, the largest land or real property owners are typically among the communities' largest employers. Their presence creates jobs that enable members of the private sector to purchase property for homes or local business development. The tax burden is placed on the small land base (and improvements) owned by the private sector. The Fairbanks North Star Borough, the University of Alaska and the Alaska Department of Natural Resources have land sales programs (though they will not result in any significant change to the current structure of land ownership or utilization). Interior Alaska Native Claims Settlement Act (ANCSA) profit corporations own no exempt lands in the Borough and thus the properties that are owned within the Borough are fully taxable because the property was purchased.



Small Business Administration Designated HUBzone

The FNSB's sole HUBzone, or a "historically under-utilized business zone", is located in the downtown core area of Fairbanks. The Small Business Reauthorization Act of 1997 developed HUBzones to provide incentives for business to locate and revitalize these areas associated with low income and high unemployment. The HUBzone Empowerment Contracting Program was created by the U.S. Small Business Administration to provide federal contracting and subcontracting opportunities to companies that were certified as eligible for the HUBzone program by SBA. The federal government program goal for FY 2003 will be almost \$6 billion. Contracting opportunities allow sole source contracts if contracting officers cannot identify two or more qualified HUBzone contractors or if it is determined that a contractor is responsible and that the contract can be awarded at a fair market price.

Foreign Trade Zones

The FNSB has four Foreign Trade Zones (of which Fairbanks Economic Development Corporation is the grantee). These locations (FAI, Poker Flats Research Range, North Star Industrial Park, and Great Northwest) are quota/duty free customs ports where duty and excise taxes are: postponed until the goods enter the U.S.; reduced when goods are manufactured or manipulated to change the duty classification; or eliminated if the goods are re-exported to a

different nation. This basically permits duty free cargo to be transshipped through and warehoused in the Foreign Trade Zones.

Planning and Zoning

Development issues frequently involve public health, safety and welfare. This is usually due to an increase in traffic volume and/or loss of natural open space associated with many projects. Landowners must consider current zoning ordinances and how it may affect future development plans. A review of the chart of acreage by major zoning classifications shows that approximately 97% of all land in the Borough is zoned GU-1. General Use lands' only zoning restriction is a minimum lot size of 40,000 square feet, just less than an acre. Obviously, much of this land is in undeveloped areas or on military reservations, but it is also sprinkled liberally throughout the community. Long range community planning is a powerful tool for creating economic opportunities in the community. Residents must envision how they want their community to be shaped over the next 15 to 20 years and develop zoning ordinances and land use patterns to accommodate the anticipated development.

Flood Plain

The Chena River Flood Control Project was initiated after the Fairbanks area was overrun by the local river systems in August of 1967. The flood control project was finished in 1975. Lands in its area of protection are considered to be within a 500-year flood zone or that there is a .5% chance of a flood occurring in the protected area. Most areas outside the flood control system, but near rivers, are considered to be in a 100-year flood zone or have a one-percent chance of being flooded. And yet, some homes outside of Fairbanks are threatened along the Richardson Highway and Tanana River when the rains are heavy.

**Approximate Acreage In Major Zone Classifications
Fairbanks North Star Borough
2000**

Abbreviation	Major Zone Districts	Minimum Lot Size (Square Feet)	Acreage	
			Number	% of Total
OR	Outdoor Recreational	no minimum*	6,882	0.144%
RA	Rural and Agricultural	4.5 to 3,673 acres	26,777	0.560%
RF	Rural Farmstead	80,000 or 160,000	287	0.006%
RE	Rural Estate	80,000 or 160,000	36,452	0.762%
RR	Rural Residential	40,000	11,487	0.240%
SF	Single Family Residential	5,000 to 20,000**	872	0.018%
TF	Two-family Residential	5,000	2,179	0.046%
MF	Multiple-Family Residential	5,000	1,762	0.037%
MFO	Multiple-Family Residential & Professional Office District	5,000	257	0.005%
LC	Light Commercial	no minimum*	47	0.001%
GC	General Commercial	no minimum*	1,213	0.025%
CBD	Commercial Business District	no minimum*	156	0.003%
LI	Light Industrial	no minimum*	6,446	0.135%
HI	Heavy Industrial	no minimum*	3,019	0.063%
ML	Mineral Lands	no minimum*	36,458	0.762%
GU-1	General Use	40,000	4,649,230	97.193%
	Total		4,783,524	100.000%

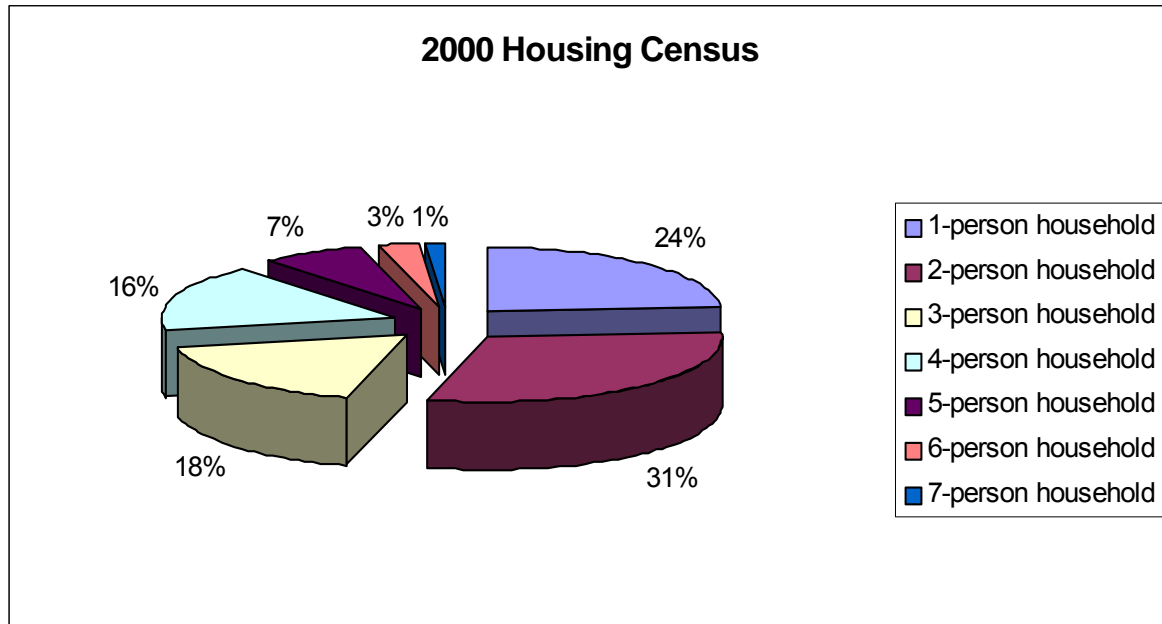
* no minimum except as may be required by the Alaska Dept of Environmental Conservation in areas where water & sewer is unavailable.

** Lot sizes vary depending on type of zone district

Source: FNSB Department of Community Planning

H. Factors Indirectly Impacting Economic Performance

Housing



Source: AK Dept. of Labor, research and statistics

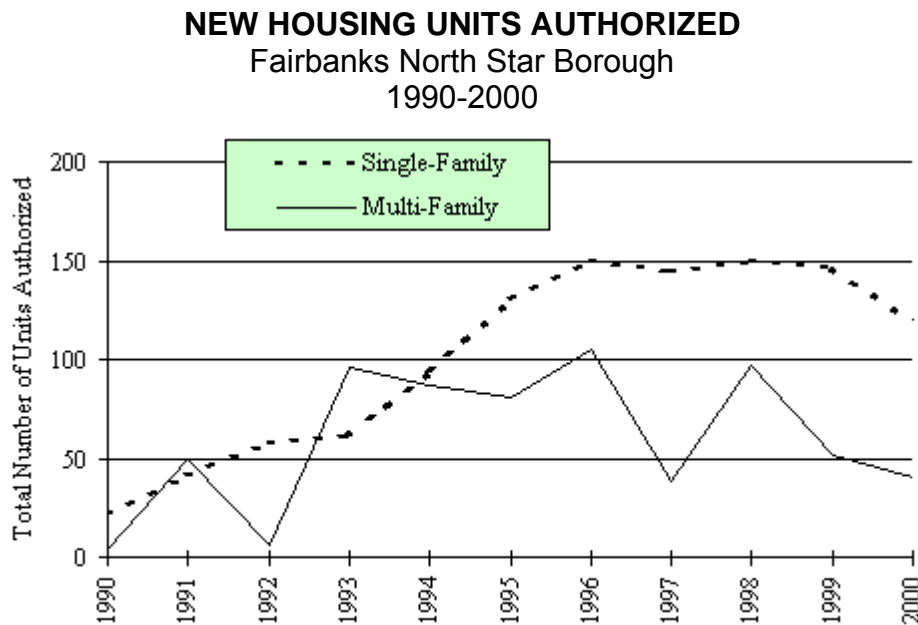
The Fairbanks area offers a wide variety of housing choices. Housing in downtown Fairbanks is a mixture of older homes ranging from small log cabins in poor condition to classic architecture that have been beautifully restored. Modern homes and multi-residential units, including a broad range of condominium units have also been developed in town where there is access to water and sewer, street maintenance, refuse collection and police and fire protection services. Convenience and easy access to shopping areas and schools used to be a significant benefit of living in town but new malls and schools have been constructed on the edge of town while more new home construction is being developed on larger lots available outside of Fairbanks.

Several suburban subdivisions relatively close to Fairbanks have been developed with access to water and sewer service provided by College Utilities, a privately held company. Much of the most recent development of homes, rental and townhouse developments has occurred in areas west of Fairbanks around Chena Ridge. Most of the remaining Borough residents live in the foothills to the north, east and west of Fairbanks or in the North Pole and Badger Road area to the south. These homes are usually single-family residences on large lots. Large lots are often necessary where septic systems must be constructed and wells drilled. In spite of these additional costs, residents enjoy the privacy of the

rural setting, the mountain views, and the warmer winter temperatures at higher elevations.

Most residents of the City of North Pole are connected to the city's water and sewer system. Developments outside the cities of Fairbanks and North Pole are usually organized as service areas primarily for road, maintenance, and snow removal. The Borough has approximately 110 service areas. Electric and sewage service areas have been developed but local private utility companies usually assume management and maintenance of the additions. Electricity is available throughout most of the Borough. If not, residents use available generators to meet their electrical needs. Major arterials to outlying areas are paved but access roads and driveways usually are not.

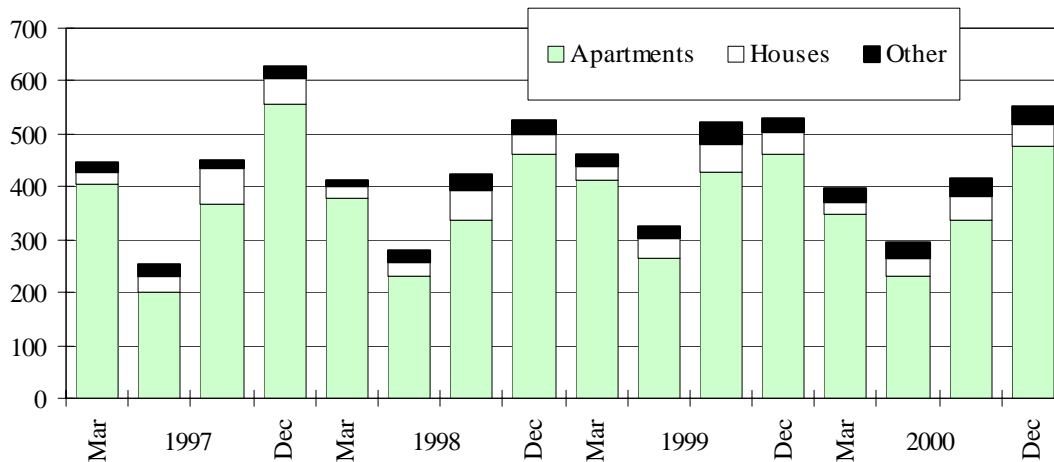
The 2000 Census showed that 33,291 housing units were located in FNSB; 3514 of those units were vacant. Almost half of the housing units were rentals.



Source: FNSB Community Research Center

The strong decline in summer vacancy rates is attributed primarily to apartment complexes that provide nightly lodging to tour groups during the summer months. These property managers provide favorable rents during the winter months due to restricted lease agreements requiring tenants to move out in time for the summer tourist season. The low monthly rates are attractive to tenants such as college students that can reside comfortably with the schedule. Property owners' benefit by the ability to cover carrying costs through the winter months.

Fairbanks North Star Borough
Comprehensive Economic Development Strategy

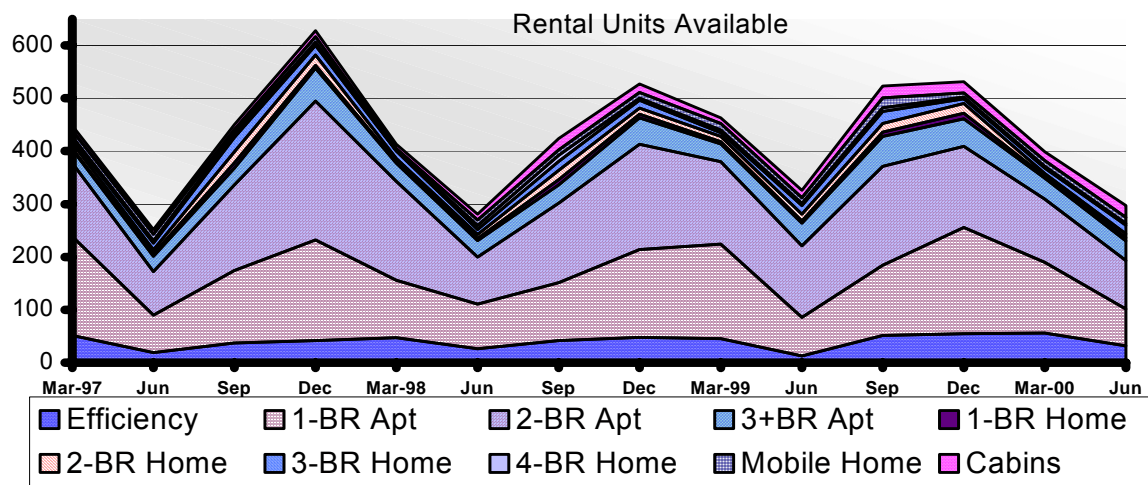


Source: FNSB Community Research Center

The number of apartments which must be available for nightly rental by tourists in the summer months far exceeds demand on those same apartment during the winter.

Another factor in the summer time decline in vacancy rates is seasonal employment in construction, tourism and other employment (as well as students moving from dormitories at UAF).

Generally, the greatest number of residential units available for rent are one and two bedroom apartments. Efficiency and 3 bedroom Apartments are the next most available living quarters, and there are relatively few homes for rent.



Source: FNSB Community Research Center

Average monthly rents for smaller housing units remain fairly constant. Rents for larger apartments and houses that are in short supply fluctuate considerably due to the smaller number of units calculated in the average.

Construction of the Trans Alaska Pipeline-System in the 1970's put tremendous pressure on the local housing market. Housing was in short supply and rental prices rose sharply. If the route selected for the proposed Natural Gas pipeline is through or near Fairbanks, the same conditions will exist. New housing and commercial real estate will likely be developed to meet short-term demand. Post-pipeline conditions may result in a higher vacancy rate that would put downward pressure on property valuations and rental rates. Residents and businesses may be encouraged to purchase property to avoid any pricing impact short-term demand may have on the real estate market. Investors may also be attracted to properties made available after pipeline construction that may be valued at less than replacement cost.

A benefit of construction of the proposed natural gas pipeline through or near Fairbanks would be the availability of natural gas for heating homes, businesses and generating electricity. Lower utility costs reduce the basic cost of living and allows for a reallocation of disposable income for other purchases. Lower utilities also lower the cost of doing business and would stimulate new businesses and allow expansion of existing businesses due to improved business conditions and lower risk.

Health Services

There are eleven clinics and two long-term care facilities in the Borough. In general, services provided include treatment of minor medical emergencies, pediatric care, OB/GYN, general medical evaluations and physical examinations for work or sports. Laboratory, drug screening and x-ray services are also provided.

Locally owned, Fairbanks Memorial Hospital is Alaska's third largest privately managed, general acute care hospital and is managed and operated by Banner Health Systems. Banner leases the hospital and equipment from the Greater Fairbanks Community Hospital Foundation. The arrangement is beneficial in that the hospital is locally owned so that if Banner decides to terminate its lease, the facility could be offered to another health provider.

To construct the original hospital, the Foundation received \$5.5 million in grants and raised \$2.5 million through community and corporate donations and when completed in 1972, the hospital was totally debt free. As a result, the hospital has consistently had the lowest room rate charges in the State. The facility is presently operating at about 60% capacity (75% capacity for Denali Center Long Term Care). New space needs are being addressed in a strategic plan focusing

on expansion of Imaging Services, the Denali Center, and assisted living services.

The hospital provides Inpatient Care Units – Intensive and Care, Medical, Surgical, Mental Health, Women’s Center and Nursery, Pediatrics; and Outpatient Service Departments – Cancer Treatment Center, Outpatient Surgery, Rehabilitation and Special Procedures. Patient Service Departments include Emergency, Poison Control, Surgery and Post-Anesthesia Care, Respiratory Care, Home Health Care, Family Recovery Center, Laboratory, Patient Resources, Pharmacy, Radiology, Terminal/Bereavement Care, Organ/Tissue Donation, Pulmonary/Cardiac Enhancement (PACE). The only specializations not available at FMH are neurology and cardiology. The hospital consistently admits approximately 5,700 patients per year and delivers about 1,000 babies annually. The hospital also has neo-natal and nursery intensive care units.

FMH employees around 1,100 residents full and part-time (or 726 full time equivalents) The Fairbanks Cancer Treatment Center (FCTC) opened April 2000 to provide high quality technology and professional radiation therapy for the treatment of cancer.

The hospital also has a unique program that certifies doctors from Bassett Army Hospital, allowing them to perform services at FMH. This arrangement benefits both communities and has the additional advantage of allowing the hospital to recruit doctors that may want to reside in Fairbanks after their tour of service with the military. The presence of military medical personnel gives the hospital a great recruiting advantage when trained medical staff is in short supply. The hospital also meets the medical needs of Natives from rural areas of Interior Alaska.

Bassett Army Hospital, located on Fort Wainwright is also a general acute care hospital. This facility will soon be replaced by a larger facility.

The Fairbanks Pioneers’ Home, operated by the State, is an assisted living home offering a variety of levels of service to the Elderly. To be eligible for Pioneers’ Home services, a person must be at least 65 years of age and have one years’ continuous residency in the State. Also, the State Division of Mental Health operates the Fairbanks Community Mental Health Center.

Tanana Chiefs Conference provides numerous programs to provide community, health, and social services to Alaska Natives throughout the Interior. Health services include community health education and injury prevention, nutrition, home care for elders or the severely disabled, mental health, and alcohol programs. Primary health services are also provided at the Yukon Flats Health Center in Fort Yukon, the McGrath Health Center and the Chief Andrew Isaac Health Center (CAIHC). CAIHC provides out patient medical care,

immunizations, and pharmacy, dental and eye care services. Obstetric and women's health care services are also available.

Several surveys and needs assessments were performed by agencies such as the Salvation Army, United Way and Fairbanks Regional Public Health Center in the '80's and early 1990's. This led to the formation of Interior Neighborhood Health Clinic (INHC) as a private non-profit corporation in 1993. INHC provides universal access to primary health care including medical, dental, preventive and educational services for people in Alaska's Interior. The corporation seeks to deliver services that are sensitive, and responsive to the needs of all members of the community. All patients pay for medical care however the clinic is able to provide a Schedule of Discounts (sliding fee) based upon patient's income and household size. A two hundred thousand dollar grant was provided by the Federal government in 2001. Additional funding, beside grants, is provided from patient fees, third-party payers, and private and corporate donations. Meanwhile, about two-thirds of patients are women and children. INHC plans to expand services in the future by working with the Fairbanks Community Mental Health Center to share a common facility. INHC also continues its efforts to establish a dental clinic that will also offer a Schedule of Discounts to qualified patients.

Fairbanks Regional Public Health Center (FRPHC) is the largest Public Health Center in the State. Regional Public Health nurses coordinate with community groups, with other State agencies, the public and the private medical sectors, school districts, and health and social service agencies to improve the health of communities in the Interior. The majority of public health nursing clients reside in the Fairbanks North Star Borough; however, Public Health nurses also travel to more than 40 villages and rural communities to offer public health services.

Public Health Nursing in the Interior employs twenty-eight public health nurses and eighteen support staff. Public Health Nurses provide services to more than 14,000 individual clients each year on more than 37,000 visits per year in the Interior. Public Health Nursing fees are based on an individual's ability to pay and services are never denied due to an inability to pay. Also of economic significance, Public Health nursing coordinates closely with other community agencies to maximize existing resources and minimize duplication of services. Health promotion and early intervention programs help to decrease future health care costs.

Education

The FNSB is responsible for providing K through 12 education within the Borough. The FNSB School District (FNSB-SD) has an elected board of seven members that serve three-year terms. The Borough assembly must approve the school budget (\$129,157,972 in 2000-01 school year) and fixes the amount of local tax dollars allocated for educational purposes. The School District operates

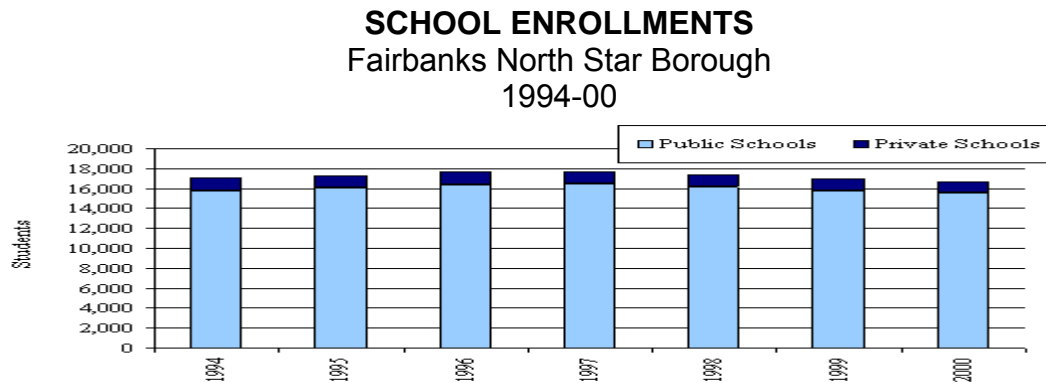
19 elementary schools for 8,491 students or almost half of the total student population. Middle and high school students, (2,423 in grades 7-8 and 4,639 senior high students), are served by 3 high schools, 4 middle schools and a junior/senior high school. North Pole Leadership Academy and Howard Luke Academy (alternative schools), Hutchison Career Center, a correspondence school, and 2 charter schools are also available to provide education to students up to age 22. Enrollment includes elementary and secondary schools operated on Ft. Wainwright and Eielson A.F.B.

There are also several private religious-affiliated schools in Fairbanks. The largest are Immaculate Conception Grade School and Monroe High School. The Baptist and Seventh-day Adventist churches also operate schools.

In 2000, 88.6% of the high-school seniors in the FNSB-SD graduated. Information obtained from a survey conducted by the Borough, with graduates in 2000, shows that the majority of the respondents planned to go onto post secondary education. Forty-one percent planned to continue their education in Alaska and 22% intended to live in Alaska while going to school somewhere else. Also, 21% planned to stay in Alaska and work while 25% planned to move and live elsewhere.

The FNSB-SD built the Hutchison Career Center in 1973 to provide vocational training for adults and high school juniors and seniors. FNSB-SD uses space in the Center as overflow for academic programs at West Valley High School and programs such as: Small Engine Repair, Construction Trades, Health Career, Automotive Repair, Alaska Tourism, and Welding. The facility has been jointly used with Tanana Valley Campus (TVC) for more than 25 years. TVC is part of the University of Alaska and offers certificates and associate degrees at Hutchison Career Center in many programs that advance skills learned in high school program. TVC offers courses during the day or evening. The partnership has been successful and provides preparation for students that are not seeking to go to four-year colleges. It offers twenty technical certificate/associate degree programs with academic classes as well. TVC enlists local expertise for its vocational education advisory council and also works closely with students and local employers to assess program quality and identify trends and skills in demand by industries around the community. An example is the Process Technology Program designed for Alyeska Pipeline Service Company to train technicians needed to replace the aging workforce currently operating pump stations and other control facilities needed to keep the flow of oil moving efficiently and safely.

Large projects that could quickly place demands on the school system include construction of a natural gas pipeline from Prudhoe Bay, connection of the Alaska Railroad to the Canadian Rail system or a decision to proceed with the National Missile Ballistic defense system that may be located at Ft. Greely.



Source: FNSB Community Research Center

University of Alaska, Fairbanks

The University of Alaska, Fairbanks is a land, sea, and space grant university. Undergraduates account for 90% of the student body and 84% of all students are Alaska residents. Three percent of UAF's students are from foreign countries and 13% from other states. Annual student costs for the 2000-01 school year for residents were \$11,634 (undergraduate) and for non-residents were \$16,254 (undergraduate).

Fairbanks North Star Borough
Comprehensive Economic Development Strategy

OPENING FALL SEMESTER HEADCOUNTS FOR CREDIT ENROLLMENT
University of Alaska - Fairbanks and Alaska
1987-00

Fall Semester	Fairbanks Campus	Statewide
1987	6,926	27,378
1988	7,283	27,568
1989	7,592	27,175
1990	7,674	28,631
1991	7,863	29,830
1992	7,992	29,367
1993	8,017	29,095
1994	7,879	28,415
1995*	7,904	28,145
1996	7,570	27,582
1997	7,459	26,527
1998	6,895	26,370
1999	6,768	25,433
2000	7,131	25,930
%Change 1999-00	3.4%	-1.7%

SOURCE: University of Alaska, Office of Institutional Research, personal communications, 1987-01.

NOTE: Opening headcounts are taken near the end of the second week of classes. Because most campuses offer credit courses beginning after this period, opening counts are generally lower than closing counts taken at the end of the semester.

Recreation

Vast recreational opportunities during summer and winter are a primary attraction for many residents. In particular, easy access to outdoor activities such as hunting, sport fishing, hiking, camping, cross-country and downhill skiing, snow machining, boating and even a simple drive in the country allow residents to enjoy the area's natural beauty. An extensive system of bicycle, ski, running, hiking and dog mushing trails is available for public use.

Performances and competitive events of every sort are organized to mark the change of seasons. The Equinox Marathon, held in September, is one of the most difficult running events in North America. The Borough's Parks and Recreation Department operates the Big Dipper Complex which provides an indoor ice arena, meeting rooms, running track, outdoor tennis courts, soccer and football fields. The Borough also operates Mary Siah Recreation Center with a swimming pool, lounge, meeting and training rooms with exercise machines or others used for martial arts, dance and other classes that require open space. Aquatics programs are sponsored by the Borough at the Mary Siah and Hamme pools in Fairbanks and at the Wescott Pool in North Pole. Parks and Recreation maintains more than two-dozen parks and playgrounds, including BMX tracks and the 460-acre Birch Hill Park that has 15 kilometers of well-groomed ski trails with lighting. Plans are being made to upgrade and connect the Ft. Wainwright ski trails to expand the Birch Hill system. Ski trails are also maintained at the Chena Lakes Recreation Areas near North Pole and another 8-kilometer ski trail is maintained at Two Rivers.

Snow machines may be operated on numerous trails designated throughout the Borough and there are numerous areas north of Fairbanks (in the White Mountains) that attract recreational riders. The Annual Arctic Man event (off of the Denali Highway) attracts riders from Fairbanks as well as all over the State for a several day rally that features scheduled events in between various impromptu group snow machining.

The International Ice Art Championships are held each winter/spring. Sculptors from all over the world come to participate in the competition. Locals and visitors volunteer to assist with the huge task of presenting such an event, where the world's largest ice sculptures dazzle spectators for the last few weeks of winter.

The University of Alaska Fairbanks also offers a variety of recreational opportunities at the Patty Gym and Student Activity Center. The sports complex houses an ice arena, pool, weight rooms, exercise machines, a 200 meter running track, rock climbing wall, racquet ball courts and numerous class rooms. The University has an extensive ski trail system that is also used for hiking, running and biking and horseback riding, during the summer.

Private athletic clubs are also available. There are two public Golf courses in the City of Fairbanks area. Ft. Wainwright allows civilian use of some of its facilities such as the Birch Hill ski slope and Chena Bend Golf Course. Two privately owned downhill ski slopes are located at higher elevations outside of town where snow accumulates more quickly than in town. Mount Aurora Skiland is located 23 miles north of Fairbanks at Cleary Summit. Skiland has numerous challenging ski runs with a chair lift, while the ski lodge offers ski rentals and food service. Moose Mountain is a ski area operated near Ester Dome. The slope has 20 ski runs, a base lodge, rental shop, café, and operates buses to return skiers to the top of the ski runs. The ski slopes generally operate from mid-November to April.

Sled dog racing is very popular in the Fairbanks area. Fairbanks hosts the North American Sled Dog Racing Championships and the Yukon Quest an international long distance dog race between Fairbanks and Whitehorse, Yukon. Numerous dog sled racing events are organized locally by the Alaska Dog Musher's Association and Alaska Skijoring & Pulk Association. During the winter there are weekly sprint dog races out at the Jeff Studdart Race Grounds.

The Chena Lakes Recreation Facility was created as part of a flood control project for the Fairbanks area after the 1967 Flood. Harding Lake, Lost Lake and Birch Lake are recreational lakes near the eastern boundary of the Borough. The Tanana River, Chena River and Salcha River also provide recreational boating opportunities for local residents. The Yukon Marathon 800 two-day riverboat race originates and ends in Fairbanks.

A wide variety of youth sports are available at public and private schools and are sponsored by numerous community associations. Opportunities are readily available for little league baseball, football, soccer, track and field, hockey, basketball and wrestling. Private martial arts, gymnastic, and dance schools are also available. Adults may participate in curling, softball, rugby, and numerous other activities. The Fairbanks Goldpanners, a semi-pro baseball team, provides fans plenty of entertainment during the long days of summer. The West Coast professional Ice Dogs hockey team competes with numerous teams through the winter season. The University of Alaska Fairbanks also has a variety of Intercollegiate sports teams including rifle, hockey, basketball, volleyball, and cross-country skiing.

Regal Cinemas owns a new 16-screen movie theatre featuring stadium seating, snack bar and digital sound. This is the only commercial movie theatre operating in Fairbanks (other than those located on the military bases).

Arts and Cultural Activities

The Arts and Cultural sector of the greater Fairbanks area is diverse, offering high caliber events generally found only in much larger communities. Visitors often extend their visits or return again after experiencing the richness and vast variety of cultural activities in Fairbanks. In addition to the direct impact on our economy, the arts contribute significantly to the quality of life and motivates many people to move to the community.

Artists and arts organizations vigorously support the local economic framework and address many challenges in concert with tourism, community organizations and business interests. Local arts organizations are well known throughout the State and some have national recognition.

The Fairbanks Summer Arts Festival is nationally recognized and listed in New York Times and Fodor's travel guide. Each year more than 600 students and instructors gather in Fairbanks at the University of Alaska for two weeks of workshops, rehearsals and performances. Students emerge in various disciplines including: music, dance, theatre, opera theatre, ice skating theatre, and the visual arts. Outstanding opportunities are provided for registrants and concert attendees that literally come from all over the world. There are also three one-week "Winter Edition" workshops for voice and cabaret studies that also provide an opportunity for performances. The Festival has featured such well-known performers as Mel Torme, Sarah Vaughn, Marvin Hamlisch, Hal Holbrook, Maureen McGovern, Cab Callaway, and James Whitmore.

The Fairbanks Symphony Association produces 15 major events during the Fall and Winter featuring internationally renowned artists performing with the Fairbanks Symphony and Arctic Chamber Orchestra as well as performing solo recitals. A 4-day Alaska String Chamber Music Symposium each spring attracts over 250 participants from outside the Fairbanks area. The Arctic Chamber Orchestra has toured to many remote locations in the state of Alaska. Performances have also been held in Canada and the Symphony has toured in Russia and Europe.

The Fairbanks Arts Association (FAA) serves as the officially designated arts organization for both the City of Fairbanks and the Fairbanks North Star Borough. FAA is located at the Civic Center in Pioneer Park where it also operates the Bear Gallery (the largest fine art gallery in Interior Alaska). FAA offers Literary programs to local writers, brings writers from out of state, provides workshops, and sponsors readings by published local authors. The Association provides service, information and technical support to local artists, arts and cultural organizations of all sizes and disciplines, and their audiences. Sixteen major arts organizations impact the community through a combined total annual operating budget of \$5.7 million, with an addition of \$1.1 million in-kind support.

Over 315,000 people attend local Arts and cultural events. Of those, more than 91,335 are visitors. The arts sector employs 35 full time positions and 157 part time positions with the generous assistance of over 2,347 volunteers.

The UAF Summer Fine Arts Camp offers exciting programs in music, theatre, art, dance and creative writing that provide educational opportunities for high school students, allowing them to interact with nationally known educators and performers. Over 450 students and 100 artist-faculty from throughout the U.S. celebrate the arts, performing numerous concerts, plays, and other productions at UAF in June and July.

Other fantastic opportunities for those in the FNSB who are interested in the Arts are provided by: Dance Omnium Fairbanks, the Athabaskan Fiddlers Association, The Fairbanks Choral Society, Fairbanks Concert Association, Fairbanks Drama Association & Fairbanks Children's Theatre, Inc, Fairbanks Light Opera Theatre (FLOT), Fairbanks Native Association's Potlatch Dancers, Fairbanks Shakespeare Theatre, Looking Glass Group, The North Star Dance Foundation, and Theatre UAF

Faith based activities and facilities

There are many places traditional churches in the City area as well as an Eastern Religious commune and Church camps which are used for retreats and summer vacation youth groups. The Fairbanks Rescue Mission has a new facility that will feed and house 140 people who do not have a place to stay; this also includes provisions to house families in need and may be a candidate for Federal faith based initiative funds if such measures are implemented.

4. Evaluation

Ongoing evaluation is important to the dynamic economic development process. It tracks our ARDOR's ability to meet our goals. This happens on an ongoing basis and the results are used to adjust or redirect organizational efforts. Such measurement tools shall be specified upon first year renewal in the work plan, along with the parties responsible for monitoring and following up on the particular strategies they are assigned.

FNSB's Comprehensive Economic Development Strategy (CEDS) identifies three primary goals that give overall direction to the economic development. Under each goal there are one to three objectives that articulate specific types of activity that support CEDS goals.

FNSB, as an Economic Development District, will prepare its annual report and performance evaluation consistent with the requirements of EDA. Organization staff will prepare an annual report that includes reporting and quantifying its progress toward achieving CEDS goals and will consider EDA's goals and FNSB's EDD goals.